



CONTINENTAL SELLING PRICES ALISTRIA Sch.15: BELGIUM Fr.25; DENMARK Kr.3.5: FRANCE Fr.3.9; GERMANY DM2.0; ITALY L.500; NETHERLANDS FL.2.8; NORWAY Kr.3.5: PLANCE SWEDEN KY3.25; SWITZERLAND Fr.2.6; EIRE 12p

THE MONTH IN ALL AND

كنامن الأجهل

took different views on nver-

National

rates in choose from.

### SUM MARY BUSINESS Equities hith fall 1.5; rces gilts easier

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**CILICIUMPAN** 

OLLING TRANSPORT

AN USA ST

in forces claim to have base camps inside done last week. One destroyed the main slipped 0.31 to 74.01. base at Chimoin. mikes, probably the big-

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military operation yet an the war, were seen spury as an attempt to theks by the Zimhabwe Mational Liberation into Rhodesia and to irgle to nationalists that majority rule is through tions: Back Page

### men meet PM

m Brigades Union execu-to meet. Mr. Callaghan to meet Mr. Callaghan orning for talks on the which is now in its third lessible of the support fariks the 16 nam execu-is faced with having to r nove to break the stale-mitrounding the dispute funct in London yesterday. It and Back-Page

### trolling vote?

Government hopes to forward proposals this • WALL STREET fell 4.85 to n to give MPs greater con- 839.57. see Common Market legis

· LEADING EQUITIES eased as very thin trading brought an unsettled start to the new Account. The FT -30-Share Index, down 3.8 at noon, closed at 464.5, off 1.5 on the day.

No. 27,422

infine sast weeks the GULTS shed early gains and the sthers infured in the closed with fails to 2. The FT of and ground attack Government Securities Index

• STERLING gained 5 points to \$1.8190, while its trade

-bave agreed to attend the aoti-Egypt Arab summit being organised in Tripoli, However, Iraq annonneed plons for a rejectionist summit next week in Baghdad, composed of Algeria, Libya, Syria, South Yenien, the tiolao "rejection front." DOLLAR President Assad, addressing a they a USS from Damascus Press conference, went out of his way to keep his optinns 3- 1977 open. He continued his criticism JUN JUL AUG SEP OCT NOW of President Sadat's Initiative.

weighted index rose 'to' 63.3 (63.2). Dollar's depreciation widened to 2.84 (2.77) per cent. rule nut the possibility of that next week.

GOLD rose \$3.25 to \$161.625.

wer tommon Market legis-by said. Mr. Michael Foot, ● U.S. TREASURY Bill rates al st. of. the Commons. He this week's auction: threes 6.057 By ite to see a system which (6.084) per cent. sizes 6.371 a allow MPs to decide by (6.385) per cent.

Sallows MPs to decide by (6.385) per cent. mether a particular EEC sal should be adopted on two FURTHER sterling have been haunched. Cabiner and the Nitipaa Cabiner and the Nitipaa Fisons is raising flom and the Sal should be adopted bunds have been hunched 14 At a special meeting bunds have been hunched Fisons is raising filom, and the Fisons is ra

Commission proposals for ng the Community fishing Decision to-day

### Egypt less isolated Big banks U.K.-Arab bid differ on over peace initiative base rate rises as Syria softens line BY MICHAEL BLANDEN THE BIG BANKS yesterday

Tuesday November 29 1977

### BY ANTHONY McDERMOTT

Egypt's isolation in the Arab world appeared last night to be lessening. While President Assad of Syria declared that there were disagreements but no divorce" between the two countries, King Hussein of Jordan became the first frontline Arab state leader to praise the "great courage" of President Sadat and Egypt's peace initiative with Israel.

FINANCIALT

King Hussein, speaking to the preinicr, arrived in Moscow fur Mr. Sadat and Mr. Begin, the lordanian people on TV, said taiks which are expected to take Israeli Prime Minister. Exypt's Initiatives had broken up possible Syrian-Soviet julnt Within the context of the past down barriers which hindered a action following President 20 years the fact that an Israeli just sottlement and peace in the Sadat's visit to Israel, writes delegation was coming to Cairo Middle East. David Calter in Moscow. Mr. should be considered as substan-tocontries opposed to President official to make contact with the Egyptian diplomat. Sadat's initiative intensified Soviets since the Sadat Israel A, oew atmosphere had been yesterday, further strengthening visit, was welcomed at Minesow created, be argued, and the by Mr. Aodrei Gromyko, the stage was set for other nations Some conotries—notably Syria —baye agreed to attend the antick for the material for they desired.

by air, Addred Lromyko, the stage way so for other nations Soviet Foreign Minister. ( to juin in the peace moves, if King Hussein's statement must and when they desired, increase Syria's concern at The abruptness of President possibily being isolated. But the Sodaf's initialive, coming so king, two, was being cautious, swiftly alter his visit to Israel, for he said he was willing in and similarly without consul-attend the Cairo contercoce if all tations, suggests that he expected the the bar of the the the the main the of initialized the the Bashdad, composed of Algeria, and the Carlo concerned with the the majority of invitations to be Libya, Syria, South Yemen, the Arab parties concerned with the the majority of invitations to be Palestice Liberation Organisation just as he would attend the by the President's ever more (PLO) and the hard-line Pales. Tripoli summit, if all Arab emphatic statements on his tiolao "rejection front." states were present.

willingoess to go without any other Arah nations to a recooveoed Geneva peace conferepec. But there is also an increasing

Roger Matthews adds from restlessness among those Egyptian officials who were anysaying that his visit to Isroel Cairo: Egyptian officials remain Egyptian officials who were any-"has created more obstacles in undismayed that only Israel has way doubtful about Mr. Sadat's the way of the Geneva peace so lar accepted President Sadat's policies. Toey point to the still conference," but he refused to invitation to a Cairo conference glaring absence of a single Israel cuocession that could be held up

conference being held. He also indicated Syra's formal invitations only went out peace can be arbieved by these indicated Syra's formal invitations only went out peace can be arbieved by these indicated Syra's formal invitations only went out peace can be arbieved by these indicated Syra's formal invitations only went out peace can be arbieved by these indicated Syra's formal invitations only went out peace can be arbieved by these indicated Syra's formal invitations only went out peace can be arbieved by these indicated Syra's formal invitations only went out peace can be arbieved by these indicated Syra's formal invitations only went out peace can be arbieved by these indicated Syra's formal invitations only went on the transition indicated Syra's formal invitations only went on the still too tactics. Indicated Syra's had would be only one acceptance. Cabinet feels strengthened in its Continued on Back Page Khaddam, the Syrian deputy of the Jerusalem talks between Jordan and U.S. react. Page 7

marker rates

further rise to the general level of rales we may well bare to lucrease our base rate fartber."

Mr. Mes Dibbs, the group chlef executive of NatWest said the hank was restricting its increase to 1; per ceut, compared with the 2 per ceut, MLR rise, and commented that at 7; per cent, the base rate remained low by the standards of recent years. Tightening. 1 controls Society lo-day Dutch cooper Yugoslav and "We increases will not be neces-ON OTHER PAGES sary and that a period of slability will assist in encour-BALS Advis, demand." investment Jess Oppla, ..... 15 pany News ...... 28-30 2 at Guide d Raw 15 ertal City & Inth Tel. .... 33 31 36 E in New York Materia Saleroo W. A. Tyzack Salersom Stare Information ... Stock Exch. Report The Technical Pase To-day's Evonts ..... TV and Radio ...... Wait St. & Overseas Weather tion Exchanges Soveraler 22 Previous Bainbridge Brady Indus HAT Group ISTS. F1.20.57175 \$1.2125-2195 0.050.14 mem 0.2246-0.05546 0.04-0.53 mem 0.13.0.05 da 1.65-0.55 das 1.00-0.20 das ร่อง 31 Sase Lending Rates 15-3 numath For Intest Shore Index 'phone 01-246 \$026

road work BY JOHN EVANS THE BRITISH Steel Corporation and Tarinae bave formed a con-sortium with the Triad multi-national conglomerate headed by Mr. Adnan Khashoggi, the

for £440m.

draft rates following the sharp 2 per cent. jump in the Bank of Eogland's minimum leading rate on Friday to 7 per cent. Westminster proounent Saudi Arabian busiresponded first, raising its base South Arabia and Bahraio. rate for lending by 1! per cent. to 7; per cent floyds then took a competitive adge by an nouncing an increase of maly The formation of what is to be called the Saudi Arabia-1 per cent. lo 7 per cent.

Barelays and Midland are keeping their uptions open until the market trends become cleaver, bolding their

hase rale at 6 per cent. As a result, borrowers are lem-porarily in the exceptional situation of having three loan

The changes mean that the top-quality corporate customers of Lluyds will pay 8 per cept. for their ovedraits, while at NatWest they will be charged 8; per cent. Other borrowers will pay up to about 12 per cent. at Lloyds and 2 per cent. mure at NatWest.

The Ine banks also differed over the rate they pay to their branch depositors, though both took the apportunity to widen their margin of profit ability. NatWest increased its seven-day deposil rate hy I per cent. to 4 per cent, while Lloyds went up only 2 per cent, to 3! per cont.

The differences reflect the continuing uncertainly in the money markets after last week's sudden udjustment in rales. At Lloyds Mr. John Montgomery, the chief general manager, said that the bauk's 1 per cent, increase in lending rates was in line with current

Ile added: "Should there he

CAUSEW be called the studi Ataba Bahrain Canseway Consortium was disclosed by Mr. Khasboggi, whose Triad group is closely involved in the development of tons of structural steel needed the Saudi economy, and con- in the causeway, as well as firmed yesterday by British Steel, general civil engineering ser-

The project—one of the largest vices. The project—one of the largest vices. In the Middle East — is to be Tual Saudi Arabia will bear ficanced completely by Saudi all the cost nt financing the pro-Arabia. According, to Mr. ject is a feature of the cootract Khashoggi, the consortium's plan which will make for keen inter-mational competition. This is Slbn. 16050m.) to all for build an attractive element for British log not only the 16-mile cause-tract bare here a squeezed out of way but also a new town for past have been squeezed out of 5,000 people to Bahrain. because of financiog problems of

The causeway project is the lack of supportiog advance pay-largest single contract sought by meot guarantees and related British Steel to the Middle East bonding facilities. and one of the largest non-The Export Credits Guarantee The Export Credits Guarantee

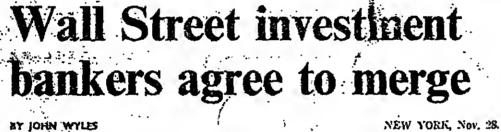
and one of the largesl non-military cootracts for Britlsh in-lerests in the area. Tenders are to be called next year. The related proposal for con-structing a permanent town is oew town project, and lbe depart-aimed at accommodating the meot could be involved there. large workforce needed for the project and supplementing Bab-in the consortium are especially raio's boasing facilities. The commodating facilities are accommodated for the project and supplementing Bab-in the consortium are especially eager to see is firm political

rato's bousing facilities. The corporation's Redpath bucking from Whiteball. Dorman Long division and Tar- "While there are no problems may Overscus will head the on the financing front we hope British side of the construium, for firm Government support and Other British side of the construium.

British side of the construction for firm Government support and Other British construction influence at the political level in groups are expected to join. the Arab capitals involved to Triad is heading the Arab help us with the contract," side, which includes Al-Nasr, a British Steel said. Saudi company. One of Sandi Detailed designs for the four-(Arabla's biggest banks will be tane causeway, which will locor-involved and negotiations are porate a number of bridges to understood to be laking place in allow the passage of sbips, include several Bahraini com- started heiog drawo up in July. The Saudi Government bas

publes, Redpath Dorman Lung will appointed a group of consultants provide the estimated 200,000 headed by Kansam, of Denmark.

	FEAT	URES	
up merger	18	Wall St, arbitrageurs The Japanese Cabioci	<b>6</b> 7
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Cairo view

-anacceptable" by Mr.

by of Overseas Aid is to a new industrial centre in Korea, selef work in India's cyclone eightman

in Allison, former Crystal 
MONTEDISON'S senior vice-e and Manchester City chairman, Sig. Alberto Grandi, ger, is in Mamphis, has resigned to a further shake-essee, for talks on an offer up in the management of the last a new team. is in essee, for talks ( acb a new team.

### SEF PRICE CHANGES YESTERDAY ) ..... 295 + 16 Corp.... 266 + 8 elds ... 167xr+ 8 tes in pence imless otherwise Siebens (U.K.)

EF PRICE CHANGES	YESTERDAY
es in pence indess otherwise indicated.) RISES: 1 lovests. 49 + 4 n (J.) 237 + 4 reway	Siebans (U.K.)       295 + 16         Anglo Amer. Carp
emit	Hestair 107 – 7 Bacal Electronics 202 – 11

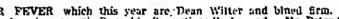
The master of fight his von approval soft sides of the House soft sides to day whether Swan Hunter is to get its intended share of the Polish ships order. The MERGER FEVER which this year are Dean Wilter and blowd firm. Mr. Peter G. Peterson, Lehman and president, wall Street's obliest companies. Shields Mudel Roland, Drexel will carry the same tille in the Wall. Street's obliest companies. Street's obliest companies to get its intended share of the Polish ships order, Union officials will urre on fitting craftsmen to lift their of the Polish work. Back Page 13. Not street's obtain the Yorker and the Yorker and the week-end on a street worker and the Yorker and Yorker and Yorker and Yorker and the Yorker and Yorker Such Minister of Agri- on ship work

idustrial tribunal hearing the Polish work. Back Page

boys, who were passengers in the U.K. this week. Fage 10. Thomson Holidays cruise Toyota is negotiating in import the west coast of Africa parts from the U.K. and France. T. this month, have been Page 2.

eight man Chinese trade ation arrived in London fiday lo spend a week study. British industry at the stion of Mr. Edmund Dell a Secretary. Debray, the French anthor

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Both are major investment linked with a number at pos- bold io securities brokerage, bankers and the new combina- sible partners this year, includ houd trading and asset manage-

Advertal tribunal bearing the Polish work. Back Page
 Both sre major Investment of the partners this year, includ both trading and asset mame the partners this year, includ both trading and asset mame the partners this year. Include the partners this year, includ both trading and asset mame the partners this year. Include the partners this year, includ both the partners this year. Include the partners this year, includ both the partners this year. Include the partners this year as the partners this year. Include the partners this year as the partners this year. Include the partners this year. Include the partners this year as the partners this year. Include the partners this year as the partners this year. Include the partners the partners this year as the partners the partners this year. Include the partners the partners this year as the partners the

WASHINGTON, Nov. 28.

or dealers making markets in third of the company's capital this year for the definite sing loss in listed, securities with the most Mr. Schift will be honorary 1973, because of a trading loss in profitable husiness going to those chairman of the new company, Government national mortgage with the strongest capital bases, while his son, David, 40, at pre-association securities, Just a bandful of the com- sent vice-chairman of Kuhn Loch, Setback for NYSE members.

Page 34 panies which have joined forces will be on the Board of the com-

## Dock strike pushes U.S. trade deficit to record \$3.1bn.

### BY JUREK MARTIN, U.S. EDITOR

Debray, the French anthor **COMPTANIES** former follower of Ernesto **J. H. FENNER** mada record ara, has won one of pre-tax profit of £8.41m. (£7m.) is's top literary prizes, the in the year to September 3. Femma, for his novel La in the year to September 3. Femma, for his novel La in the year to September 3. BISTORTIONS 1N trade flows October. Seasonally adjusted, Earlier in the day the foreign caused by the East and Guif their value fell last month to exchange market bad been fairly coast docks strike pushed the \$3.58hn. from the \$3.7hn. of the quiet hut nervous ahead of the Source, Brute. Im Allison, former Crystal **O** MONTEDISON'S senior vice-e and Manchester City chairman, Sig. Alberto Grandi, ger, is in Mamphis, has resigned io a further shake-ger, is in Mamphis, has resigned io a further shake-

tively modest \$1.7hn as exporters pal declines last month were Other ceotral banks probably stove to beat the strike dead suffered by sales of heavy contioued to sell D-Marks to keep line, but last month's returns machinery and equipment (down currencies, such as the Belgino

franc, within the permitted timits of the Europeao currency "snake." produced n fall of over \$1.7bn. \_ in the voluma of exports to Higher GNP forecast Page 6 of \$9.2bn; the lowest monthly figure since March last year.

Lex. Back Page Fukuda reshuffles Cabinet The D-Mark touched a record This remained more con-stant, failing last wonth by only about \$350m. to \$12.3bn. So far this year, imports have over \$500m.) and of wheat and DM221 io terms of the dollar aod the Swiss franc a best-even

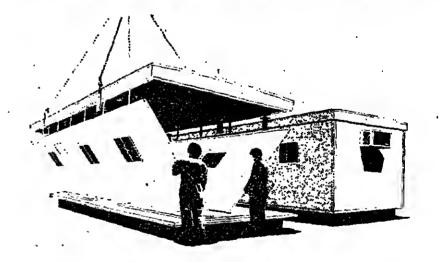
Sw.Frs.2.14, but there was little reaction from the Japanese yen. Before European markets

been above the S12bn. level for soyabeaos (collectively down seven of the 10 months, while ex- nearly \$250m.). ports have topped \$10bn. only Mrs. Courtenny Slater, the Mrs. Courtenay Slater, the opened yesterday, it was reported ports have topped \$100n only Mrs. Courtency Stater, the opened sectady, it was reported five times. Commerce Department's chief that the Japanese authorities The Ociober returns mean that economist, stressed that "lempor-had intervened in a small way the U.S. trade deficit for the first ary factors" lay behind the record to hold the yen below Y240, and 10 months has now reached on Ociober deficit. But she added, it closed at Y24025 in London. unparalled \$22.40n. "the imbalances in the world Market sources suggested that The imparation 522.400. The imparators in the world market sources suggested that The Administration, bas ecocomy continue to be a cause this may have been the result acknowledged that for the full for concern." of further intervention by the year it could well be about Colin Milliam adds: The central bank through commer-

30bn., a forecast that, doek D-Mark and Swiss franc rose to cial banks in London, but could strike dislortions or not, secons record levels against the dollar also bave been a natural move-likely to be quite accurate. yesterday aftersoon. following meet following the Bank of Oil imports remained a pervn publication of the U.S. trade Japan's determined support about this level last week. sive factor, in the opticit in-deficit.

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2 LOMBARD

## **Job creation** fallacies

### BY SAMUEL BRITTAN

NINETY-NINE people out of a elements of sense from the hundred would probably say that "speeding oo jobs" absurdity? the Government should spend Yes, if we really try. If Govern-paid in the physically and psy-London auctioneers would bave muney on job creation. If any channelled to areas and types of them privately preferred tax of labour of specially heavy In fact, bowever, this yearly which took nearly five hours to would be the privately preferred tax of labour of specially heavy and so it would be if the prices Corton Cuvee Dr. Peste. (The muney on job creation. If any channelled to areas and types of them privately preferred tax of labour of specially heavy In fact, bowever, this yearly which took nearly five hours to reductions iostead they would surplus, there would be less risk Vente des Vins is a special sell in Beaune, in under an quite likely feel ashamed to of re-igniting inflation Iban with occasion. The popular fiction is hour.)

### Danger

leaders the impression that if they tried to hog the henefits "But isn't there a danger?" in higher wages, further spend-the sully-clever will ask, "that ing injections will follow from laxpayers will actually save some governments calculating "in of their tax remissions?" If this real terms." And who is to say really is a danger, the tax cuts that they are wrong?

which would be justified on almost any economic theory. The Bidger deficit would be targer, but also casier to finance. Or a for spending on subsidies directly but also casier to finance. Or a for spending on subsidies directly an anti-savings campaign. The The argument here would be that latter is to any case the logic of because of rigidities in uoion and the argument that more spending conventional wage structures will mean nore jobs. As for those young people cannot price them-who think the balance of pay- selves into jobs at a wage which professional trainer. National Hunt the former National Hunt the former National Hunt the former National Hunt the former National Hunt the care of pay- selves into jobs at a wage which the structures here the earling power. The former National Hunt the former Hunt Hunt the former Hunt Hunt the former Hunt Hunt the form ments a problem, surely a build-reflects their true earning power. ing worker will spend just as But the implication is that trade much on imports if he is unionists would be willing to employed in public works as if he accept an effective widening of is constructing a shed in one's differentials by means of sub own back carden?

Dif course the real reason why accept directly through the Government hesitates to in-the Government hesitates to in-crease spending — either its own they would be footing part of the or other people's — is the fear bill. One should he suspicious that tots would cause inflation of plans which depend on fooling her of winners—sends Legal this month.

Subsidies

The former National Hunt Two outings will have brought Legal Branch's event champion jockey — and this Legal Branch on considerably \_\_\_\_\_ RACING

sidies which they would not

that tots would cause inflation of plats when depend of the state of t

The high prices paid at the part at least of Burgundy to his —a 121 per cent increase on last prices to be higher than last year, the vintaga and for comparing the bare allowed substant bur were not too pleased when growers wines. Secondly, the increased crops for the vert well over 100 years normally Patriarche at this first fence, and Perhaps the most significant their prophecies were borne out level of prices paid at the Hast appendix to the large for with a vintage clearly in pices gives some indication of mentations. 55 hl per has appendix their prophecies were borne out to its predecessor, they in state of the market and its Manrault instead of the state of the market and its Manrault instead of the state of the new 35 hl, and 40 hl in place. Stood. After a few extravagant arche's bead, was clearly deter and their origin. For while there boped for a stabilised market, degree of acceptance of the new 35 hl, and 40 hl in place. So hill be vintage. I was not surprised, therefore, Cote de Nuits. Those with drinkers everywhere decide, level in only 100-franc bids, a region, there were many more of indifferent vintages prior to in a leading Beaune merchants of the sources of indigeners to in a leading Beaune merchants of the sources of indigeners to in a leading Beaune merchants of the sources of the morning after the may turn out best. I san all bordeaux is the better buy; initial lot of seven casks of the

all bordeaux is the better buy; initial lot of seven casks of the In fact, bowever, this yearly which took nearly five hours to

store than on notes in the depressed nonnegated is mass it for the sale. Last year, bow-store of a subsidies to loss bopeless unemployment. Thirdly, making companies. and she wine sale. Last year, bow-making companies. and the likely to mature reaso grammes often give unico leaders the impression that if

Hidden battles that boosted Beaune prices of

WINE BY EDMUND PENNING ROWSELL

uite likely feel aslamed to or relating blaiten ban with versus test with versus is a special special properties and the special speci

Financial Times Tuesday November 29 1977.

office the morning after the may turn out ouse. I say auction when a broker rang up one or twn 77 Besunes from Chablis to say that prices above average in fruit o were 10 per cent: up from that grindingly green. moment. It was, however, 2 There is some talk that crop cut by about a third come reds will surpass, that pared with 1976, owing to early acceptable but probably 1.

spring frosts that alone in lived "73s; others are even." Burgundy hit Chablis. optimistic and make\_ten

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### **Meissen vultures** Legal Branch should start make £75,000 promising day for Gifford record at auction

A world auction record price modelled Kandler as paid for Meissen porcelain fetched f6,000 to the Antique at Christie's yesterday when a Porcelain Company; and a docu-

at Christie's yesterday when a Porcelain Company; and a docu-27-inch-high pair of vultures, mentary Melssen figure of a modelled around 1731 hy J. G. bagpiper, also modelled by Kirchner and J. J. Kandler, sold Kandler, made £3,500 to Winifred for £75,000 to a private U.S. Williams. collector. The hirds, which are Sotthehy's yesterday continued fire-cracked, were made for with the dispersal of the famous Frederick the Great's Japanese collection of books of the 19th Palace in Dresden. The previous century bibliophile. Sir Thomas Willions. This the Sind day of

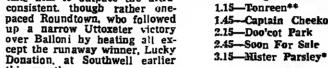
the first again, if an increased people. Ridget deficit is financed without the most promising type of the most promising type of the senterprise- if i is for arrain on wold appear to be favored to activity and extra control that approximate the senterprise of the senterprise o

Meissen vultures

Radio John. 5.35 Ivor the Engine. \* lodicates programme in 5.40 News. 5.55 Nationwide (London and black and white BBC 1 5.55 Nationwide only1. 6.17 Nationwide. 6.40 One More Tinic! (London and South-East only). 9.58 a.m. For Schools, Colleges, t2.45 p.m. News, 1.00 Pebble Mill, t.45 How Oo You Do! 214 For

8.30 Mastermind.

9.00 News.



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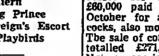
and, with less to do, he is prob-

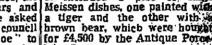
take him to outpace the ultra-

ably worth another chance.

12.45-Legal Branch\*\*\*

PLIMPTON





HUNTINGDON

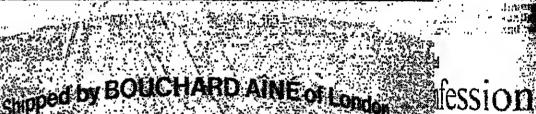


SALEROOM BY ANTONY THORNCROFT BY ANTONY THORNCROFT SALEROOM BY ANTONY THORNCROFT BY ANTONY THORNCROFT SALEROOM BY ANTONY THORNCROFT ST Thomas Phillipps. This, the 32nd day of the auction, brought in £41,428. Quaritch paid £2,200 for a first 1499 edition of Dioscorides, and Sale bought e first, 1498. Dirthe dedition of Aristophanes.

۰, T

States of

Pair said for £75,000



Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England lexcept Londont. 3.55 Play School (as BBC-2 t1.00 a.m.). 4.20 Astronut, 4.25 Jackanory, 4.40 Animal Magic. 5.05 John Craven's Indian Flood victims. Newsround. 5.10 Big John. Little 9.30 Play For To-day.

F.T. CROSSWORD PUZZLE No. 3.531 7.03 7.30 ACROSS Performed part of play to 12.00 -12.05 1 Spirit of the type which goes to your head (6) 4 1 came back and dined to get cditor (5) 8 Former writer died to lay out (6) 9 Plunge to the right and turn slimmer (St 10 Friend has his way on board aside (6) 14 Contractor required at the end II The French sheep take it (10) caster (3, 2) 12 Girl left with a fool (4) 17 Go in train without right and amuse 19) 13 Produce plot in pandemonium 18 Follower requires notice he 144) 15 Fish with net or stringed in- 20 Injured head lost blood (7) 15 Fish with net or stringed in- 21 Household in which people tore apart (\$) get older (6) 16 Publisher's reader-who may 22 One who strikes Sergeant Major with it has to hesitate be coisoned? (6t to Young doctor is to order confinement 161 2) Framed on horseback (7) 24 Employing some of us in Ger-2) Franced on norsecours (1) many (5) 23 Charlatan has to get up on 26 Land which is left to Oricotal cast side of river (t0) 23 Cheese, for railways, that is (4) SOLUTION TO PUZZLE 17 Cogilale about slender bit of Nn. 3,530 hnowledge (5t ERHAND TOP 28 Member 1 abuse is to make LA 29 Get radar set up for clothing LATEX THROMOPEN A I E URE N I N manufacture (3, 51 30 Source of oil from the earth TITAMIATEAKS YEEEXA YEEEXA DOWN 1 Bet stroke will create reper-G CORGANTERPER russion (4-1) 2 Acknowledgment about entrance fee (9t 5 N - 0 - 7 A Transport for dead fish (4) 5 Coin a note inside a tower (7) a Capture horses with a neck fastener (6-4)

 10.40 To-night.
 ing. Flying. Happening."

 11.30 Bellamy's Europe.
 by Alastair Reid.

 12.00 Weather/Regional News.
 by Alastair Reid.

 All Regions as BEC-t except at the following times...
 by Alastair Reid.

 11.35 Felix the Cal. t2.00 The Galore. 5.35-6.17 Wales To-day. 6.40
 9.50 a.m. Schools Programmes.

 11.35 Felix the Cal. t2.00 The Galore. 5.35-6.17 Wales To-day. 6.40
 9.50 a.m. Schools Programmes.

 11.35 Felix the Cal. t2.00 The Galore. 5.35-6.17 Wales To-day. 6.40
 Wotslt from Whlzz-Bang.
 12.10

 Heddlw. 7.10 Pobol Y Cwm parts and weather for Wales.
 p.m. Rainbow. 12.30 A Ripe Old Report Wales.
 1.20 p.m. Report Wales.
 1.20 p.m. Report Wales.

 10 Scotland.
 5.35-6.17 p.m. Report for Wales.
 1.35 News and Weather for Scotland.
 1.36 News.
 1.30 help! 1.30 Crown Court. 2.00
 Report Wales.
 1.20 p.m. Report Wales.
 1.20 p.m. Report Wales.

 10 Scotland.
 5.35-6.17 p.m. Report for Scotland.
 5.35 Crossroads.
 5.35 Crossroads.
 5.30 Crossroads.
 1.30 p.m. Report Wales.
 1.30 p.m. Report Wales.
 1.30 p.m. Report Wales.

 11 Scotland.
 1.35 News and Weather for Northern Ireland News.
 5.35-6.17 p.m. Report Wales.
 1.35 News.
 1.30 p.m. Report Wales.
 1.30 p.m. Report Wales.

 12 Scotland.
 5.40 f.00 7.10 The Oregon Trail 8.60 It Ain't Half Hot Mum. 9.25 Appeal for the Southern for Scotland. Northern treland—5.53-5.55 p.m. Northern treland News. 5.55-6.17 Scene Around Six. 6.40-7.10 I Know the Tune—But I Can't Remember the Title! tt.55 News and Weather for Northern Iretand. England—5.53-6.17 p.m. Look East (Norwich): Look North (Leeds. Manchester. Newcastle); Midlands To-day (Birmingham1: Points West (Bristol): South To-day (Southampion): Spotlight South-West (Plymouth). 6.40-7.10 S.00 Rock Follies of '17. t0.00 News. 10.30 Ayrliffe. 12.00 Problems. 12.25 a.m. Close; Oebby Cumming 

 Points
 West (Bristol):
 South

 To-day (Southampion):
 Spotlight

 South-West (Plymouth):
 6.40-7.10

 East (Norwich Spotlight)
 All IBA Regions as London

 East (Norwich Spotlight):
 ANGLIA

 Midlands (Birmingham):
 Action':

 North (Leeds?)
 Beneath (the Prennines: North-East (Newcastle)

 Points:
 North-East (Newcastle)

 Looks Natural:
 North-West (Bristol)

 South West (Southampion)
 Log am. Anthology:

 South (South West (Bristol)
 Surgeon

 Back Roots.
 BBC 2

 11.00 a.m. Play School.
 "L20 p.m. Border News 200 House-Sorder News Summary:

 2.30 Politics Now—The Lonchest
 Stram. 200 Tours 400 Surther Press.

 3.30 Politics Now—The Lonchest
 CHANNEL

 reads poems by Lucie Shaw. Emmerdale Fai IBA Regions as London 7.00 News on 2 Headlines. Telc France. 7.30 Newsday. 8.10 Floodli1 Rugby League. 9.00 The Goodies. 9.30 The Water Margin. GRAMPIAN The Water Margin. URA WIFJAIN The Man Alive Report. 9.3 a.m. First Thung, 1.20 p.m. Gram-Late News on 2. 5.15 The Brady L20 p.m. Generation S. 2.20 Calendar The Old Grey Whistle Test. Sunch. 6.00 Grammina Today, 6.05 The day, 4.29 Later, 5.15 Star Manden-12.05 a.m. Closedown: 12.00 The field Couple. 12.30 a.m. editions, 7.00 Elementale Farm. 12.95 Gabriel Woolf reads "Grow-Bellevings and Sciences a 10.13 The Man Alive Report. 11.05 Late News on 2. 11.13 The Old Grey Whistle Test. 

 Image: State of the state state of the state state of the state of the state of the state o

SCOTTISH DCC/11/01/ 1/25 pm. News and Regort. 515 The Undersea Adventures of Captant Nemn. 520 Crussroads. 6.00 Scolland Today, 6.30 What's Ynor Problem 7.00 Emmerdale Farm. 8.00 Thissuumysig. LII o.m. Charnel Lunchime News and What's On Where. 5.15 University Challeng: 6.00 Report at Six. 7.00 12.00 Pah Emertainer of the Year, 1225 a.m. Commentates (1) Previsions Meteorologistics. GRAMPIAN Challeng: 6.00 Report at Six. 7.00 12.00 Pah Emertainer of the Year, 1225 Bury, 7.00 Treasure Univ. 10.78 Westward Autocorologistics. GRAMPIAN

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تكذاهن الأحيل

laws (9t

(6)

## Double bill by B. A. YOUNG

LC Housing, Committee's responded to lines like "I tika to raise the rent of the feeling your books" with happy lic from 5500 is year to treble. langhter, but half an a bad advertisement hour later you could see them new Tory houds at the talking to one another until What difference does their attention was attracted lake to them?. To the again by a lot of talk about the ir means two-thirds farts. Nr. Frisby has directed out of a production. If the play himself without much nappropriate to remind success in evoking the necessary that the Young Vie, fun.

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Metropolitan Museum of Art, New York

## Light on the Dark Ages

### by DENYS SUTTON, Editor of Apollo

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NNOUNCING IE END OF THE INNER PARTY.

CROFT

ISTINCTION leed for 10 years in which

at Distinction. Tawny Port d ien years in the wood.

's Head "S head "S

James's schematic confection, there is a West End comedy

Kubelik's Brahms

there is a West End comedy trying to get ont. Entrances and exits are ingeniously prepared so-that a series of dialogues between the characters can clear the air that hangs uncomfortably hetween them. Hat, who now runs a record shop, still bankers after Beth and, when Andrea takes Martin off to the pub, he timbles on the carpet; as she wrestles free, Beth turns on him with "You're bloody unfit!" But she succumbs bonetheless, after relishing Hai's cruel com-ment to the directing avant garda theatre, not medding in othar people's lives.-Martin hae, ouit his job in a ard a theatre, bot meddling in othar people's lives.-Martin has quit his job in a flurry of frustration, but that seems unlikely to save his foundering three year old marriage. The play ends on a mock heroic stroin, with Hal affecting a suicidal pose and closing the show with a look that spells resignation and a hig semi-colon. Meanwhile : . aligned to remember the possession conductors to day, that we are sitting in a fringe theatre is uncomfortable seating and a short burst of Lou Reed as the lights dim after the interval, MiCHAEL COVENEY

Radio 3

### Rubbra's Fourth Quartet

At 76, Edmund Rubhra con-step, the poised balance of li you become gripped (as I was) tinnes to cast a musical radiance phrase against phrase, the inter-which may not dazie, but glows play of rhythms in "madri-steadily. Sunday's broadcast of galian" fashlon: these are, and fortable" sound has to be won-his fourth and latest string have been, among the finger-hy Rubhra's harmonic idiom, in guartet (relayed from the Shel- prints of Rubhra's style. In the donian Theatre, Oxford) cama at recent Teath Symphony, for in-dentian when, inadvertently as it stance, the proportioning of the were, be is on the verge of final section (barely half-a-dozen winning possibly his widest hars) to the whole work is audience. His arrangement of accomplished with a master's and this carol strangement of accomplished with a master's choral-and-orehestral record. The that' the Desi' thing' about is go of Christmas. That this carol atrangement is conclasion. I could not help be a piece of serious and sometimes ing struck with a similar in of different from the stagsons, the new quortet. It is a work of dingdong material of most of unusual shape and duration; the record—is typical of its com- two movements, the first- of them poser. The careful unfolding of the longer and itself subdivided, a melody that moves mostly by lasting in all about 16 minutes.

Record revenues and earnings marked both the third quarter and nine-month period, reflecting substantial strength in the major facets of our business. Property and casualty insurance, title insurance, and container leasing

all contributed to the increase in operating income, after taxes, of 48 percent for the third quarter and 276 percent for the nine-month period as compared with last year's figures.

Saul P. Steinberg Chairman and President Reliance Group, Incorporated

### Reliance Group, Incorporated and Subsidiaries Financial Highlights .

	Quarter End	ed September 30	Nine Months End	ed September 30
	1977	1976	1977	1976
Revenues	\$304,035,000	\$259,655,000	\$847,555,000	\$715,750,000
Operating income after taxes	\$ 14,476,000	\$ 9,788,000	\$ 38,341,000	\$ 10,200,000
Net realized gain on insurance investments after taxes	933,000	2,650,000	3,742,000	9.579.000
Income after taxes, before extraordinary income	15,409,000	12,438,000	42,083,000	19,779,000
Extraordinary income <sup>(1)</sup>	7,720,000	1,131,000	23,164,000	4,106.000
Net income after taxes	\$ 23,129,000	\$ 13,569,000	\$ 65,247,000	\$ 23,885,000

### Per-Share Information

Operating income after taxes	\$1.65	\$1.08	\$4.31	\$.65
Net realized gain on insurance investments after taxes	.12	36	.49	1.31
l'acome after taxes, before extraordinary income	1.77	1.44	4.80	1.96
Extraordinary income(i)	1.00	15	3.03	.56
Net income after taxes	\$2.77	\$1.59	\$7.83	\$2.52

(1) Extraordinary income resulted from the utilization of tax tex loss carryovers.

(2) Per-share computations are after deduction of dividend mirements on the Series C Preferred Stock

### APPOINTMENTS

## EUROPEAN NEWS

The newly reconstituted dissi-

dent committee which monitors

Soviet observance of the

Helsinki accords yesterday

demonstrated its delermination to continoe working des-plie emigration and arrests,

with an appeal to Western

participants at the European security conference in Belgrade

to press the Soviet Union on

### TITO'S ANNIVERSARY AMNESTY

## The amber light for democracy

### BY PAUL LENDVAL RECENTLY IN BELGRADE

political crimes and of the 356 Yugoslavia. Nikita Khrusbebev The Marxist critics of the Tito at the same time the boam and functionaries, who had been awaiting trial for promised large credits and kept regime, the philosophers and the profound social-change pose The hard-liners, above a

political offences. The move is seeo as a signal for political relaxation. Though there are still, according to official figures. about 300 people in Yugoslav prisons convicted of political crimes, it is important to remember that they are almost exclusively either held as pro-Soviet plotters or as agents of extreme nationalists, mainly Croats or Albanians, said to have committed or prepared terrorisi out-

THE AMNESTY just announced technicians found 19 bidden rebel of Yugoslav Communian. imemployed and an inflation of self-management inten-io honour of Yugoslavia'a microphones in the Yugoslav This blot on the Yugoslav record rate of 10 per cent. the presence Thus Kardelj. has reopener national day (November 29) is a embassy. His first period of in buman rights is probably due of 300,000 Yugoslav workers old debate about the dence long-overdue gesture towards service coincided with the atormy to the petty vengeauce of abroad and the investments made ation of decision-making, i public opinion at home and years of 1956-53 and Mr. Micuno- bureaucrats. He receives how in the catering and services must involve above all a re-abroad. vie reveals how the Russians ever a higb pension and royaities sector at home by those who had of the party. His speeches The significance of the combined public praise for from his books published only to return because of the recess the expression "self-ma-amnesty goes beyond the freeing Marshal Tito with secret warn- abroad and despite occasional sion--ail this has changed the ment pluralism." have ala of the 218 people convicted of ings and subversion against press attacks leads a normal life, system beyond recognition. Yet many higbly placed political crimes and of the 356 Yugoslavi. Nikin Khrushebev The Marsist critics of the Tito at the some time the boom and functionaries.

human rights violation, writes . Yesterday's statement, which David Satter in Moscow. The ence at the home of Mr. Nahum Neiman, a scientist and member of the Helsinkt Helsinki Group, which has seven active members, said in a statement that the West sbould consider general human group, was clearly intended to demonstrate that the group will continue to attempt to rights violations and "every parlicular substantive violation" including the repression of 14 people connected with the Helshki group itself. document Soviet violations of the humanitarian provisions of the Helsinki accords.

Absninans, said to have commini-ted or prepared terroris out-rages. Only one day hefore the pro-alugoslav ministerial delegation on the second terroris comments, a brief alugoslav ministerial delegation alugoslav delegation alugo

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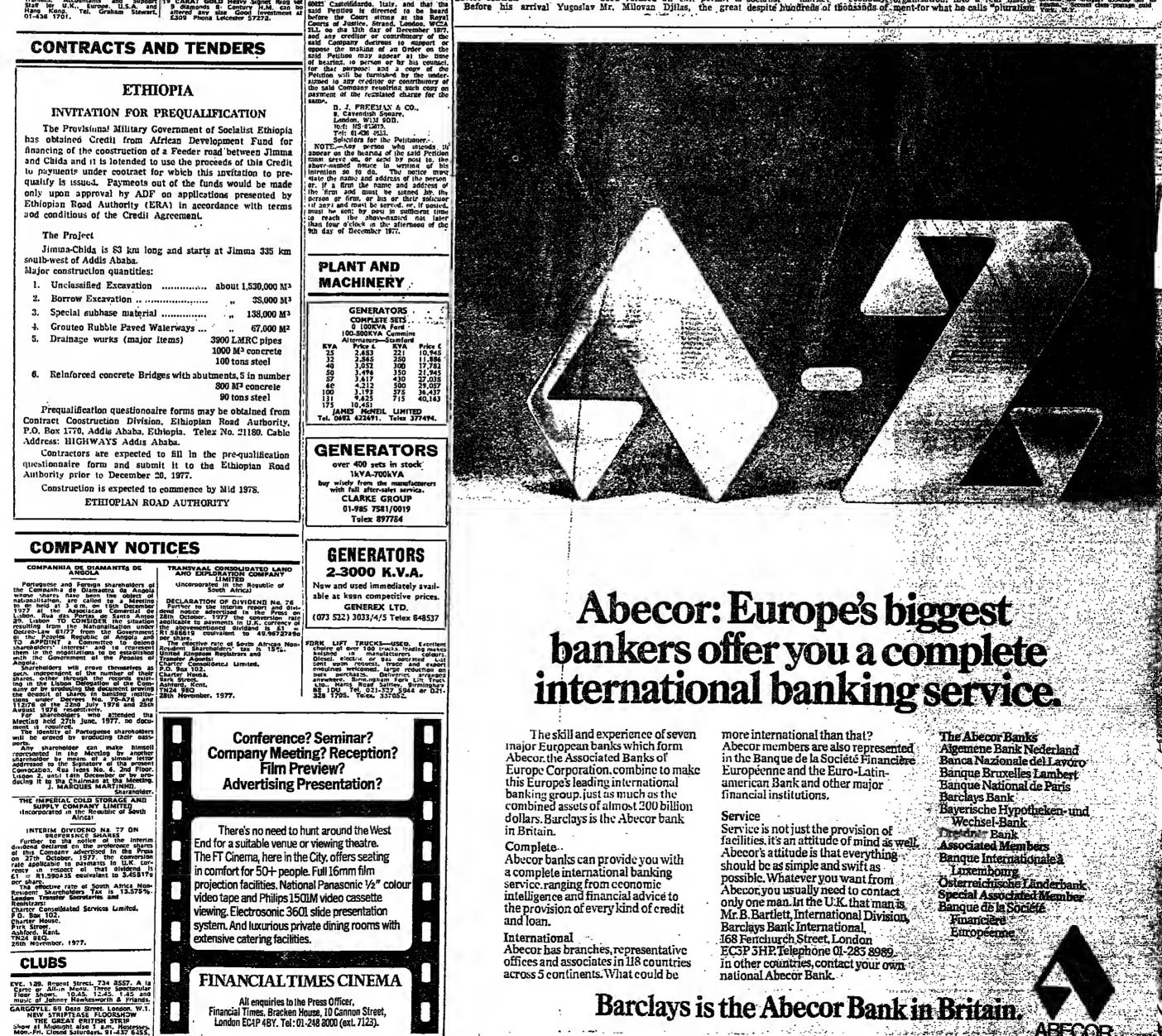
How we have a state of the second sec

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abinet

leadership in Bosnia but aled where, expressed privately was issued at a news confer- cern about a possible dang the leading role of the Others, including one me of the top leadership I talk maintain that Kardeli hu said anything really new, th has presented only a long vision rather than a guit short-term political a. Significantly Marshat Tito a far refrained from making public comments short Kardal comments short

who also has to be rots attar bis long temps as



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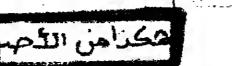
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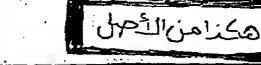
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10. Cannon Street, EC4P 4BY.	PERSONAL	Petition for the Winding up of the above named Company by the High Court of Justice was on the 18th day of November
requires Physical and Folures Traders,	19 CARAT GOLD Heavy Signet Ring set 9 diamonds B: Century H.M. can bo aftered any size Good Investment 42 £309 Phona Leicester 57272.	1977. groscoted to the said Court by CRUMAR S.g.z. of Casella Poitale Si 60022 Castolidardo, Italy, and that the said Petition is directed to be heart before the Court situms at the Roya Caurts of Justice. Strand, Londoo, WC22 ZLL oo cha 12th day of December 1977



ABECOR

## Mom USA-G



### emone agrees France faces worst week Swedish Latest IFO survey economic underlines problems of strikes since spring decline forecast PARIS, Nov. 28.

By William Duliforce

STOCKHOLM, Nov. 28. THE SWEDISH Federation of Industries believes the Swedish Industries believes the Swedish economy will continue to decloc through the first balf of next year and that the anticipated 2 per cent. fall in GNP this year will be followed

However, if the OECD fore-However, if the OECD fore-rast of a 4 per cenl, growth in GNP among its members in 1978 is realised, the federation expects a fairly swift export-led improvement in the Swedish economy to get nuder

vinter.

amount in 1978. The 10 per cent. devaluation

of the krona at the end of August was not enough to

of employment BONN, Nov. 28. BY IONATHAN CARR THE STRUCTURAL problems reluctance-even with a big afflicting West German rodustrial backlog of orders---to add to the employment are underlined by labour force when there is no the results released to-day of the certainty how long the domestic latest survey of busizess opinion motor vehicle boom may last, carried out by the IFO economic Further, the phenomenon of

Institute. , overtime and IFO reports that in October a reflects both 11 uocoiployment the institut majority of enterprises foil they companies to find chough skilled had too few orders in hand, were craftsmen, and the unwillingness sceptical about export prospects of many jubless to take work of and did not plan to expand a lower grade. There is insuffi cient tabour mobility and hig production. Nooetheless, about a quarter scope remains for effective im-

of all businesses had their plementation of retraining labour force on overtime work—schemes. at a time when the country has it is such considerations which just under 1m. unemployed, a have just led an expert advisory

figure bound to increase in the computter to the Economics winter. Ministry to reject the idea of an The proportion of those on overtime ban to help solve un-overtime is especially high in emphysication to help solve un-the consumer durables sector, warned against the view that an Producers of cars and electrical increase in the overall economic household goods both seem set grawth rate will of itself take up to expand production further it most of the unemployed. Contro-says, bul it is not clear how far versially. it suggested that a this may lead to new otrings, how partial lifting of the han on re-far to a further increase in over- cruitment of new foreign labour it most indicates the increase in over-

is worth considering. The idea time work. Is worth considering. The idea Some vehicle companies, in until he to allow "guest cluding the market leader Volks- workers" to fill those jobs which wagen, are taking on extra stall. Germans are not ready to do but there remains a general themselves.

## Machine tool sales rise

FRANKFURT, Nov. 2S.

WEST GERMAN manufacturing ports, weakened appreciably in

industry has been heavily in the second quarter the market for machine tools Between Jan January after several years of drustic September, foreign orders were ally curbed investment plans, 6 per cent down in real terms Domestic orders placed with the on the comparable period of fast Federal Republic's machine tool year. As in 1978, prices rose by industry rose 34 per cent, in the 6 per cent, on average during the first mine months of the year, first half of the year, while compared with the same period volume sales were back by 3 per of 1976. cent.

The machine tool manufac-turers, who this year are expect-ing annual sales of nearly DMThn. 1ELT4ba.1. form the largest of West Geratany's —a far ers from the average S7.4 mechanical engineering indus. Trics and encently amploy same in view of the time has to trics and currently employ some in view of the thing lag in 97,000 workers. current order book, which

Altheux, Mdy, 26. IGN MINISTER, Dimitrios The new Cabinet includes a s, has been dropped from Deputy Premier, 20 Ministers models and 21 Deputy Ministers and 13 of the revised coalition pact to replice agreement on a polifician Panagotis Deputy Ministers and 15 of the revised coalition pact to replice agreement on a revised coalition pact to replice agreement on a issues from bis rivals on a ambiguous response from the monow dreak denoted the Munisters and 15 of the revised coalition pact to replice agreement on a issues from bis rivals on a ambiguous response from the monow dreak dramatical in due to revised coalition pact to replice agreement on a issues from bis rivals on a ambiguous response from the income dreak dramatical in a commercial mathematical mathematical

W. German opposition split over leadership

### By Our Own Correspondent

BONN, Nov. 28. THE WEST German opposition Is giving a public display of disunity from which the Government coalition uniter (chancellor Nelawic Schmidt, can only prolit

The Governmeol Social Democrat (SPD) and Free Democrat (FDP) parties have already henefied both from Herr Schmidt's firm handling of the terrorist issue, and from the relatively smooth course of their recent con-gresses. gresses.

Now the apposition Christian Democrats (CDU) and their Bavarian sister party, the Uhristian Social Union (CSU), bave become embrolled in public arguments which, on the face of it, could have been castly avoided.

Leading figures from both des have chosen this moment lo drag out the question of who is hetter suited to lead the opposition in general chec-tions in 1980-CDU leader Helmnt Kobl or CSU chief Franz Josef Strauss.

The origin of the dispute appears to be belief among some in the CDU that the opposition's standing can only be enhanced if Herr Strauss is ruled out well in advance. The result has been a flurry of personal point-scoring helping neither side.

Feellug in the CDU against Herr Strauss has been muning particularly bigh because of statements he made during a recent tist to Child, when he praised the work of Child's military leadership and said there was greater peare there than in several neighbouring recurity. countries.

and

In the midst of this, Herr Strauss decided to announce that he would be stamling for the prime ministership of Bavarla next year—thus con-firming a move long expected.

Should be take the post. Berr Strauss will give up his seal in the Bundestag—the lower House of the Bonn Parllament. But there are few who helieve he will forsake national affairs altogether, and many who speculate that he will use the new joh as a stepping stone to greater power in 1980.

• The West German Foreign Minister, Herr Hans-Dietrich Genscher, who was taken lo hospital last week with suspected pneumonia, is more ill than at first helieved and is unlikely to resume official dulles before loid-January.

JULIFUE TWOBY DAVID CURRYPARIS, Nov. 23.Shin ReevesBRUSSELS, Nov. 29.THE MOST widespread industication of the state alring of string for a string string for a string was approved.Minister. ond to M. Giscard already started. Air France days is prepared to settle wage claims of strings whether have knocked weeks culminating in a quasi- week culminating in a quasi- week culminating in a quasi- week culminating in a guasi- before the distribution of strikes whether have knocked weeks culminating in a quasi- week culminating in a quasi- before the distribution of strikes whether have knocked weeks culminating in a quasi- before the distribution of the week's paid holiday battom of the state airline's meaning against the Government is leading lucideness out most of the state airline's be conceded next yeor.Will state until becoment is conducted that this will until becoment is prosenter to a strike with the state airline's be conceded next yeor.Will the state airline's meaning against the Government is likely to decide and yeor.Will the state airline's meaning against the Government is likely to decide and yeor.Will the state airline's meaning against the for a sith week's paid holiday battom of strike's whet he and and the and the and the state are and the and the and distribution be and the prime 's general strike's whet he and the and the state are and the state and the state are and the and and the and the and distribution of the World first are the Communist

BY DAVID CURRY

**BERODIAN MAKS** 

financial Times Tuesday November 29 1977

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agreed in go slong with has kept his lines open to both newspapers dated December I, iteria. These limit the M Raymond Barre, the Prime On the airlines action has t going to any rne conti-n 50 per cent., and to any untry to 20 per cent. of a lal-which notably sets a on India's share. Council of Ministers also he go-abead to a 45m, units : ount (£18.7m.) increase in {

aid to developing coun-

ancario, Reuler renorts from

ireek Cabinet sworn in



ATHENS, Nov. 28.

The oslensible purpose of the prove its investments. their views on the role of discussions, which seem likely • Egypt has ordered 14 French junclear power. In September Sig. Arcaini d down as chairman of se, the central savings bank uton, after public criticism ing revelation of loans from See totalling around and Research Commissioner, will pation in the process of formu-size totalling around and Research Commissioner, will pation in the process of formu-size totalling around be staged in the shadow of the faling key policies on energy ment for long-range reconnais-Brossels Atomium. This unusual questions in the EEC.

pact revised

trols on certain loodstuffs in-cluding some meats, fish, pastry and restaurant drinks imposed after the acceleration in the rise In food prices in September.

and the increase so far this year to 8.2 per cent. It means that

over 1977 as a whole the Govern-ment will serape home ooly fractionally below last year's 9.9 per cent. Infisiion rale. This is

spite of the emergency con-

Dutch coalition | Soares showdown likely LISBON, Nov. 2S. BY DIANA SMITH THE HAGUE, Nov. 28.

by a further 0.5 per cent. drop in 1978.

way in the second half. In its aunmn economic fore-

casi the federation foresees industrial prednetion sinking io 1978 for the fourth year running to a level about 7 per cent, lower than in the boom year of 1974. Some 50.000-60.000 employees will have to leave industry this year and next and the federation's economists doubt the public

Growth must be concentrated on the export sector in the

cent, this year and by a similar

Profil levels are at an historic low and the federation

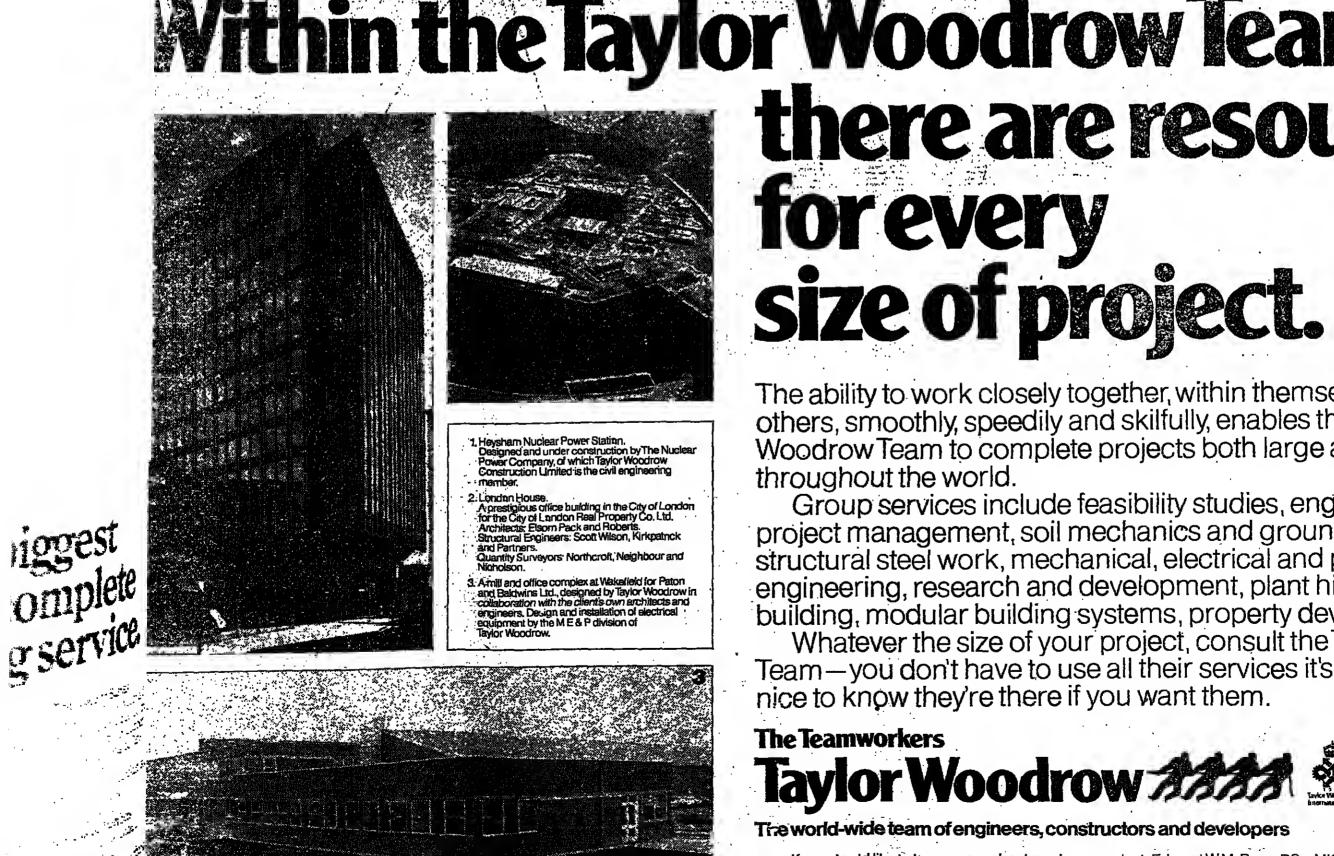
has difficulty in seeing how the capital required can be generated. Industrial invest-ment will slump by 13 per

next few years, while domestic consumption is held back.

BY GUY HAWTIN

time work.

sector will expand sufficiently in absorb them all.



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If you would like to know more about us please contact: Edward W.M. Page, BSc, MICE. Taylor Woodrow Construction Limited, 345 Ruislip Road, Southall, Middlesex UB1 2QX. Tel: 01-578 2366. Telex: 24428; Or, for overseas: Donald H.M. Venus, AMIMM, Taylor Woodrow International Limited, Western House, Western Avenue, London W5 1EU. Tel: 01-997 6641. Telex: 23503.

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Financial Times Tuesday November 29 1877 A DESCRIPTION IN THE REPORT OF A DESCRIPTION OF A DESCRIPANTI OF A DESCRIPTION OF A DESCRIPTION OF A DESCRIP

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PEACE

## AMERICAN NEWS

### **Congress confronts energy impasse Bank chief** optimistic

### BY DAVID BELL

AFTER A week's respite the U.S. Metzenhaum a leading supporter warned the gas industry that if chairman of the non-tax confer-Congress to-day resumed its of the administration, said such it parsisted with its demand for ence committee, threatened to attempt to break the impasse talk at this stage was "extremely the de-regulation of new natural bold all-night sessions on the over the proposed Energy Btll disturbing.

prleing.

Meanwhile liberal Congress-men and Senators continue to sidering the laxation provisions complain loudly about comments in the bill, the other the non-nade all a Prets workstone tax issues

the Energy Secretary. Much to to-day taken up with more about gas, some of which accept a measure of regulation the irritation of the real of the wrangling about the price of greatly favour the industry, will of intrastale gas prices. At administration, he outlined pos natural gas. Senator Henry have to be abandoned. present these are not regulated sible compromises that the Presi-Jackson, chairman of the Secata dent might accept. Soc. Howard Energy Committee bluntly

as one Congressman threatened The Senate and the House of to hold all night sessions until Representatives are trying to progress could be made on the fashion a compromise energy vexed question of natural gas bill using two conference committees made up of Congress-

made at a Press conference last tax taxues, week by Dr. James Schlesinger. The non-tax committee was

Representative Harley Staggers, whereas interstate prices are.

Last-minute attempt to

avert coal miners' strike

WASHINGTON, Nov. 28-

on Canadian gas prices at all, the provisions natural gas part of the bill so that the issue may be settled

by Thursday. Senator Jackson President Carter is planning to leave un December 28 or 29 said that the conference committee was stuck firm at nine to on a major foreign lour that he nine, and that " the ball is (now) postponed this month because in the industry's court. If they of preoccupation with energy are going to maintain their posilegislation. according th administration officials, Reuter tion . . . thera is going to he no bill. reports from Washington. Tha

Senator also reporters that the industry must

**Economists** 

project 4.2%

**GNP** growth

By Our Own Correspondent

NEW YORK, Nov. 25.

### economy By Victor Mackie OTTAWA, Nov. 28.

GERALD BOUEY, the Governor of the Bank of Canada, said to-day that the Canadian economy has now made many. of the adjustments necessary to allow it to perform better and compete more effectively told

wijo the rest of the world. Thus while the bad news is that our economy has been through a difficult gning by the Federal Government. period, the good news is that

may already have complejed a large part of what was bunnd to be a difficult journey," he sald. He spoke to the Canadian Club of Toronto. He said Canadians can deal successfully with the nucm-

ployment problem if at the same time they manage to deal successfully with the inflation proofem through becoming more competitive in world markets.

The Governor cautioned against those who worry that the expansion lacks the exuberance of previous perinds of world economic recovery and are fearful it will soon profit on the Babcock deal also gava Salomon Brethers, and Goldman Sachs similar spectacu-lar returns. Overall it has been come to an end. Reuter reports from Ottawa: Canada's real gross national product rose 1.3 yer cent. to the third quarter of 1977 after a revised 0.3 per cent. fall in the second. Statistics Canada waid. It added that the growth In real output was the second estimated that arbitrageurs made a \$30m. Profit on that \$500m. takeover.

largest in the past 18 months. The resumption of real prowth can be ascribed to a large increase in real personat expenditure on goods and services, a substantial improve-

ment in the balance of trade in goods and services, and a swing in non-farm husiness inventory from liquidation in the second quarter to some accomplation in the third quarter. 39-year-old arbitrage specialist at Goldman Sachs points out, it is

(Advertisement)

desk, 33 storeys up, just a stone's throw from Wall Street, Ivan Boesky sits all day watching share prices on a television set and surrounded by 130 direct telephone lines to brokerson million dollar telephone lines to brokerage houses and two news-wire services. Intermittently, some new development in the 40 or 50 take-overs ha is following hrings a reaction. "You understand we don't want to lose any more in Panst." he barks down the tele-phone to one of his assistants-before dividing his altention

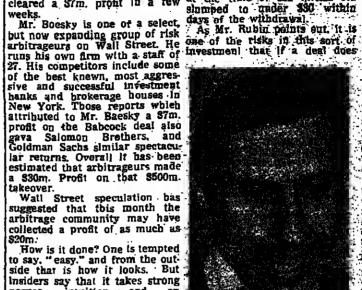
guessing game

BY STEWART FLEMING.

WALL STREET'S RISK ARBITRAGEURS

once again perween the inter-viewar from the Financial Times the Kennecott-Carborundum deal puts it, " the arbitrage spread and the television set from which could go wrong. One shareholder a very peristable commonly his eyes rarely wander. is suing Kennecott on the Even-the prefessionals was He doean't break for lunch grounds that it. is paying too how long the current good the If all this seema a rather tedious much and chould back out. will last. The profits being set If all this seema a rather tedious much and chould back out. will last. The profits being at way to spend your working life Moat analysts think the deal now reflect the wave of meri-way to spend your working life Moat analysts think the deal now reflect the wave of meri-disagree. But Mr. Boesky is an there have been plenty of others could make 1977 almost as bi-arhitragcur and this year the which have not. Arbitrageurs year for acquisitions as the work has had its compensations. probably suffered here been flexing with are more often being comple-work has had its compensations. probably suffered here for acquisitions as the work has had its compensations. probably suffered here for being the second with are more often being comple-neither dispute nor confirm drew its \$300m bid for a being the cash that in funny mon-suggest thal on one deal alone— the Babcoek Wilcox takeover hattle—Mr. Boesky may have cleared a \$7m, profit in a few weeks. Mr. Boesky is one of a select.

To day's deals are coming a Rubia points out investors i to value companies more hig than businessmen. That certainly true of the late i when speculative fever puis share prices to ussustain DAT levels. Today, businessmen.



established market, plant management is more attrac-for a company with planty cash and a strong balance sho than investing in new capital, paneton of existing operati This is especially true in an fattonary period at a whan chara prices are as it whan share prices are as a bistorically low and the basic outlook uncertain Some analysis are already i gesting: that the takeover we is making investors think a

a share.

pethops find are wrong in a his some companies shares cheaply when other compa-

waining companies freque more highly than invest Hence aven Eston Corpore was ready at first to pay se share the Carborington with the matket was valuing at

The change reflects the

that investing in a company i established market, plant

Toreign Sachs points out, it is the second s

The war that never ends

forget it. But for some the wach live on. The disabled from Yemen both World Wars and from lesser campaigns, now too casily forgotten. De widows, the orphans and i children - for them their war lives on avery day and fall day. In many cases, of course, there is help from a pension. But there is a limit to what any Governme horrow

over we like to consign it to the history books - and

### Argentina may stand firm over islands

### By Hugh O'Sbaughnessy

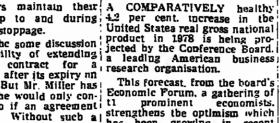
THE ARGENTINE Covernment THE UNITED STATES Govern- ing to ensure that the union and will refuse to be bound or the meous Mediation and Concilia the employers maintain their A arbitration award annuunced by tion Service bas called the two discussions up to and during, the Queen on May 2 in the sides of the coal industry to- the looming stoppage. dispute between Argentina and gether for a meeting to-morrow There may be some discussion Chile over possession of three in what seems likely to be a on the possibility of extending islands near Cape Horn, accord- forlorn attempt to head off a the current contract for a islands near Cape Horn, accord forlorn attempt to head off a the current contract for a research organisation. ing to insisteot reports from national miners strike. Buenos Aires. An Argentine rejection of the award would substantially increase tension negotiatoos on a new master hetween the two countries. The contract for 130,000 members of of military and naval manoeuvity (UMW). It noved quickly to ings. The award, which was based after Mr. Arnold Miller, the Bituminous Coal dockers will yote to-morrow of the unanimous opinion of a UMW president: walked out of on the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the Bituminous Coal dockers will yote to-morrow of the prospects for the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president: walked out of the unanimous opinion of a UMW president walked out of the unanimous opinion of a UMW president walked out of the unanimous opinion of a UMW president walked out of the unanimous opinion of a UMW

BY JOHN WYLES

of distinguished inter talks with the Bituminous Coal dockers will vote to-morrow on rate next year, the underlying lawyers, gave the Operators Association on Friday new three-year pay-and-conditions strength of the economic indices Lennox. Nueva and proclaiming that a strike from agreements which should end the for November is thought to be lying in the Beagle December 6 was inevitable. two-month strike against con-lenewing its confidence, take the operators are the strike from agreements which should end the for November is thought to be lying in the Beagle December 6 was inevitable. national

Piclon. Channel off Tierra del Fuego, to On the surface there scems tainer shipping. | The Conference Board's ex-Chile. | Ittle reason to believe that Mr. Two weeks of port-based nego-perts expect 1977 to finish with Argentina's Central Bank has William Hobgood, the Director tlations from Maine to Texas an overall 4.5 per cent, growth

extended to two years the of the Office of Mediation Ser-have in most cases produced minimum term for starting re vices will be able to point the agreements to accompany the payment of foreign hoans from two sides in the direction of a trend-setting master contract one year. Reuter reports from negotiating breakthrough. It is covering six North Atlantic Buenos Alres.



an overall 4.8 per cent, growth. They forecast that this will fall slightly to 4.2 per cent, next year with industrial production

gaining 5.5 per cent compared in 5.9 per cent. in 1977

and the second state of the second state of the DKB'S ECONOMIC JOURNAL November 1977: Vol. 6 No. 11 

NEW YORK, Nov. 28.

## **Full recovery of corporate** demand for funds in Japan increased at an is due to take some time

since domestic business hil the January-March quarter of

The Japanese economy has million began to decline from business recovery period passed two years and a half the gain a year ago in the starting from 1972. fund demand remained brisk in Ihal year and registered a solid

period, corporate fund demand sway the course of bank loans. average annual rate of 15.9 per cent. In the interim, the comparable average growth stood at 11.8 per cent for the depreciation outlay and 12.0 per cent for pre-tax profit. As a result. The growth of internal lunds. ind ing reserves

bound to stay fixed. With reference to the phase of fund demand and shortage, some - specific industries, represented by consumer durables industries, are expected to be able to do well with their internal reserves even in case of the gradual rally of plant and equipment investments in the future nasmuch as their internal

Wall Street speculation bas suggested that this month the arbitrage community may have collected a profit of as much as How is it done? One is tempted How is it done? One is tempted to say. "easy." and from the out-side that is how it looks. But Insiders say that it takes strong nerves, intuition and an analytical mind to make arbi-trage profits in good times as well as had. As Robert E. Rubin, the

services.

before dividing his altention once again between the inter-

nuary March quarter of 1975. Business on a macro-economic basis since has continued a modest growth at a slow lempo in the interim. principally on the strength of fiscal oullay and export trade,

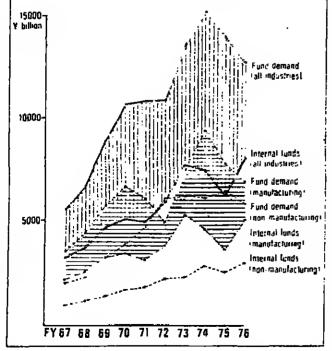
in this situation, corporate husiness activity has remained sluggish under the impact of deterrents, such as the wide supply-demand gap, delayed inventory adjustment and stagnation of the commodity market

Against this background, the increase of loans by all Japanese banks over the year-ago level in fiscal 1976 (April, 1976-March, 1977) declined sharply to 3.0 per cent from the comparable gain of 2t 9 per cent in fiscal 1975. In the first (April-June) quarter of

fiscal tota, such loans registered a sizable decrease of 22.0 per cent from the corresponding period a year earlier. Bank loans particularly have

been stagnant to leading enterprises. The increase of bank loans to major corporations capitalized at over ¥ 1.000

Trends in Fund Demand, Internal Funds



Noles

Covering 820 corporations, excluding banks and insurance companies trated on the First Section of the Tokyo Stock Exchange Compiled on the basis of NEEOS (Nikke: Economic Electronic Calaban) Service Time Sharing Service 11 2. Total fund demand = operating lunds = settlement funds + equipment funds - other

investment funds Operating funds a cash & geposits - short term securities + inventory ments --inter enterprise credit excess -current assets illocrease Settlement funds - corporate tax -prividends --management bonus investments minereese in tixed assets -increase in Davables for equi

Other investment tunds-increase in other fixed assets 3 Internal lunds a pre-fax prefit 4 depreciation outlass a increase in reserves

1976, and the lotal amount of increase by 26.9 per cenl. or such loans in fiscal 1976 ¥2.920 billion. over the showed a decrease of 8.8 per previous year in 1973. in the latest recovery period,

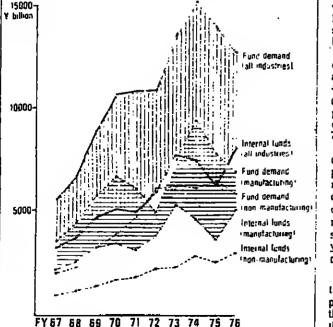
and borrowing policy on the side of business and industry. and the fund position and lending policy on the parl of banks under changing monetary conditions

In view of the latest monetary policy keynole of the Government, the recent stagnation of bank lending to business and industry is considered ascribable mainly to the factors on the corporate side Big firm fund demand

The trend of fund demand since 1975, has made a noteworthy change from the pattern in the 1965-74 decade. First, jund demand

registered a stable decrease consecutively in 1975 and 1976 despite the start of husiness recovery. In the previous

and Fund Shortage in .tagan



cent from the previous fiscal year Generally considered to determine the trend of bank loans are such factors as the size of corporate fund demand

made a decrease of 8.8 per cent: or ¥1.370 hillion; from the previous year, followed by the continuous decrease of 9.5 per cent. or ¥1.340 billion. in 1976. As a result, fund demand in

Japan in fiscal 1976 totaled ¥ 12,770 billion to stay at a level equivalent to 82.5 per cent of the comparable total in fiscal 1973. It also dipped below the level in fiscal 1973

demand for Second. operating lunds receded sharply. Particularly noteworthy in this context was the decline of the ratio of inventory funds to total fund demand to 2.8 per cent in fiscal 1975-76 from 33.5 per cent in tiscal 1973-74 At the same time, the demand for operating

funds depended on the increase of liquidity, centered on securities, to the extent of about two-thirds

Third, the ratio of fund demand to financial assets acquired in fiscal 1975-76 advanced to 38.6 per cent :¥10.360 billion . compared with it 8 per cent ¥3.450 hillion) in fiscal 1973-74. It also surpassed 32.0 per cent + ¥ 6.829 billion: in liscal 1971-72

On the other hand, the ratio of fund demand to tangible assets acquired remained at 44.1 per cent ¥tt.860 hillion. down sharply from the comparable ratio of 73.0 per cent ¥21.320 billion) in fiscal 1973-74.

Fourth, the recent decrease of fund demand has been particularly noticeable in the manufacturing sector. As another specific feature, fund demand in the nonmanufacturing sector. on a steady upswing in the past few years, also turned to a downswing in fiscal 1976 Receding fund demand for

tangible assets in the fund phase. the slump of demand in the manufacturing sector and the standstill of demand in the non-manufacturing sector in the users phase have been principally responsible for the recent slowdown of demand for funds as a whole.

Internal funds The size of internal fund

shortages in lotal fund

demands on the part of cor-

porations generally serves to

reserve ratio or their selfmade only a modest gain of t2.8 per cent.

Under such circumstaoces. the internal fund ratio vinternal funds/total fund demhowever, fund demand in 1975 and continued to dwindle and the fund shortage continued to swell in the 1965-74 period, except for fiscal 1972 (when fund demand was duli and fiscal 1973 (when corporate earnings sharply increased).

In fiscal 1976, however, the corporate profit registered a sharp gain of 41.5 per cent over the previous year. As a consequence, internal funds made a solid gain of 29.6 per cent to reach ¥8.000 billion. eclipsing ¥ 7,550 billion in fiscal 1973. In contrast, fund demand continued to dwindle Accordingly, the fund shortage in fiscal 1976 stood at ¥4,770 billion. showing a sharp decrease of 39.9 per cent from the previous year and declining to the low level of ¥4.880 billion in fiscal 1972. As a result, the ratio of internal

funds rose to 62 6 per cent Latest trend

The latest slowdown of bank loans to major industries and key enterprises thus is attributable to the following factors 1. A sharp decline of fund demand: 2) A steep decline of the fund shortage due to an increase of internal reserve funds: 31 The changing corporate management consciousness as represented by the rising move of corporations to pay hack outstanding DOTTOWINGS.

It needs to be seen whether this new trend of Japanese. corporale management is

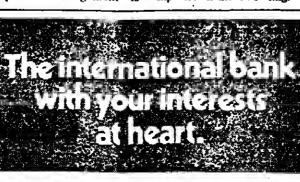
finance ratio tinternal reserves/funds for plantequipment investments1 havecontinued to stand high. Such industries also are adopting-positive policies for improving their finances by operating idle funds and nepaying borrowings. Many of

them also are moving to diversify the channels for acquiring funds by increasing capilalization by issuing new shares at the market prices or floating corporate bonds. Under the circumstances, the rate of dependence on borrowings by such industries is destined to decline gradually

On the other hand, the situation is different for basic materials and capital goods industries as their internal reserve ratio has been low and their dependence on external funds is likely to continue heavy in the future Many of such industries also

are suffering from the wide supply-demand gap and surplus equipment from a medium-range standpoint. Hence, dcmand for funds by such industries, especially for equipment funds, is unlikely to become activated, at least for some time.

Overall, the Japanese economy will continue to go through the process ol adjustment to get ready to shift to a stable growth on the medium-range basis. As a consequence, a full-scale recovery of corporate demand for borrowings cannot be expected for the time being.



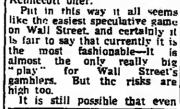
DAI-ICHI KANGYO BANK

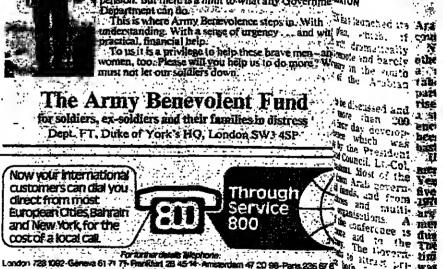
Meet Difference, Construction in Conservation States 1000 sector Branches and Agencies at: New Yorks Lon Answer, Outstand Taiger Sone States on Sone of Representation Offices at Conservation Society States Conservation Conserva-tion Found States Surgers, Subsequine at Conservation States of Conserva-tion Found States Surgers, Subsequine at Conservation States of Conserva-Alfiliated and Associated Consuming at R or 21 where the sector of the s

slim enough to warrant gambiiog millions of dollars ..... Beyond that they were hoping

that aince Carborundum was resisting the Eaton bid there was a good chance that Eaton would have to pay something more than S47 a sbare. With luck they could bope for a repeat of the Babcock Witcox-Uniled Technolgies takeover when a rival bidder. J. Ray McDermott appeared, which drove the Babcock price ever bigher.

This is what did bappen, but on a scale which perhaps even the optimists had scracely hoped Within two. weeks Kennefor. cott Copper, resting on hundreds of millions of dollars of cashannounced that it, was ready to spend between \$530m and \$560m buying Carborundum at a price nf Shi a share, Carbornadum agreed and if the deal goes through short term risk arbitrageurs as well as tong standing Carborundura shareholders and split the \$150m. plus difference between the Eaton hid and the Kennecott offer.





forget it.

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### Hamersley Holdings Limited

### 81/2 % Notes Due 1984

NOTICE IS HEREBY GIVEN that, pursuant lo the previsions of the Indenture dated as of January 1, 1977 under which the above-designated Notes are issued. \$1,800,000 asgregate principal amount of such Notes has been drawn for redeniption on January 1, 1978 (herein sometimes referred

The Notes drawn for redemption, each in the principal annumit of \$1.000, commence with serial number 11 and end with serial number 19974. All serial numbers within that range, ending with any of the two digit combinations specified below, have been selected for redemption; 11 22 231 74 75

### EXCEPT serial numbers ending in the two sights 95 within the range 20093-39995

The Notes specified above are to be redeemed for the Sinking Fund (a) at the WCG Bond Windows -- Ind floor of Citibank, N.A., Trustee under the Indenture referred to above, Nn. 111 Wall Street, in the Borough of Manhattan, The City of New York, or (b) subject to any laws of regulations applicable thereto, at the maio offices of Citibank; N.A. in Amsterdam, Frühkfortz Main, Generic, London f City Office), Paris and Tokyo, and of Citibank; M.S. in Amsterdam, Frühkfortz Main, Generic, Corporation in Basle and of Banque Generale du Lorenbourg S.A. in Arusteristics, Swiss Bank offices referred to in (b) above will be made by theck drawn on or standar to a dollar actions main-tained by the Holder with a bank in The City of New York and improve 13 1978. The dollar actions olices referred to in (0) shove will be made by check drawn on or trainier to a dollar account main-tained by the Holder with a bank in The City of New York on January 1) 1978. the date on which they shall become due and payable, at the redensition price of 100 percent of the principal amount a thereof, together with accrued interest to the date fixed for relengibles. On and after the relengible date, interest on the said Notes will cease to accrue, and more presentation and surrender of such Notes with all coupons appertaining thereto maturing after the date fixed for relengibles. The relengibles will be made at the said redemption price out of funds to be depended with the Truster. Coupons due January 1, 1978 should be detached and presented for payment in the usual inspiner.

HAMERSLEY HOLDINGS LIMITED By: Citibraile, MiA. or Trustee -

November 19, 1977



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Financial Times Tuesday November 29 1977 Lasters NEW JAPANESE CABINET

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# The PM's three wise men <section-header>

REITRAGEURS

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### HE SADAT PEACE INITIATIVE Continued S. dithers over Cairo invitation jockeying

### Y DAVID BELL

SIDENT CARTER

SIDENT CARTER and ing his relations with President ministration is worried that this or foreign policy advisers Assad. Several times to day to decido hest to react to President fainvitation to attend Satur pre-Geneva meeting in the support to the Sata pro-try of State, also bad a 45-and Israel from the rest of like least on the ite meeting loday with thr states in the Middle East on the two ther hand, by giving too cold shoulder to the whole scheme is possible that he will go only as "an observer" and has been to the meeting loday with the U.S. See posal which might isolate Egypt posal which might isolate Egypt ite meeting loday with thr states in the Middle East. On the the sonot how to respond solat initiative. To-day's monent, the U.S. has no. real frat the united Arah from not be shattered after all. have was a welcome for the more was a welcome for the in remarks made by King that President Sate prosed after all. have was a welcome for the in the bad gone as far as made after all. have the bad gone as far as made after all. have bad gone as far as made after all. have bad gone as far as made has been bad gone as far as made after all. have bad gone as far as made by King the President to have he had gone as far as made after all. have bad gone as far as made by King the President to have he with the ad-sonal care bad you have bad to the rest of light the with intervet. The that be had gone as far as market made by King the President to have he as sooken to 'U.S. and with the verter in the president to have he as sooken to 'U.S. and with the sone as far as market made by King the President to have he as sooken to 'U.S. and with the the bad gone as far as market he had gone as far as market has be had gone as far as market he ad gone as far as market he bad gone as far as market have bad gone as far as market has be had gone as far as market he bad gone as far as and ing his relations with President ministration is worried that this

Somalis

say Harar

high walls since the hig com-mando assault on Wedoesday

when battle-hardened groups of Somali rebels reinforced by Somali regular troops broke in-to the town. They were repuised with heavy losses after fighting raged along the narrow streets.

captured

AMMAN: Nov. 28.

Jordan's uneasy balancing act

### BY RICHARD JOHNS

AMMAN: Nov. 28. A DELICATE balancing meeting and will remain-astex frontal attempt to break the Jordan amounced to pected-sitting nervously on the deadlock. He has in the past it would be fence. So far, israel, has held secret meetings with Israeli accept Egypts in accepted Mr. Sadat's invitation leaders, though this has never tion to attend this week's to take part in the Cairo taks, been admilted officially. Tofficial "preparatory takes. It was always clear that Jordao King Hussein has hough thim-is Middle East peace settle could not contemplate participa-self to the resolutions of the it in Cairo only if-all the tion at any meeting in the ab-Middle East peace settle could not contemplate participa-self to the resolutions of the it in Cairo only if-all the tion at any meeting in the ab-Alternatively, on the same been co-ordinating policy closely representative of the Palestinian litions, it would be willing for over two years now. The people," entitled to set up a attend the rejectionist sum-Hasbemite kingdom also has state on territory evacuated by close fies with the conservative Israel.

oil prices

THE jockcying for positions to oil prices to advance of next mooths' OPEC meeting continued yesterday with Kuwait and indonesia reportedly agreeing that prices should rise by aboot 8 per cent. Iran meanwhile said oil prices would not be raised for two years. Abn Dhabl in the United Arab Emirates was reported to have asked the two major oil companies operating there to cul production oexi year by about 15 per cent to a maxi-mum of 1.35m, barrels/day

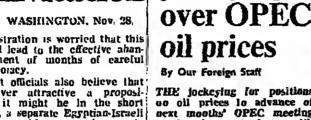
tries in preparation for the conference which npens in Caracas on December 20.

However, Mr. Jamshid Amouzegar, Iran's Prime Mini-ster, was quoted in the Bahreini weekly magazine, al-Mawakef, 'as saying 'that " oil production from the exporting rountries has falien because the storage tanks of the consuming countries are full. Any increase in oll prices would also cause the third world countries balance-of-payments and other problems. Therefore



Ouietly? Because the new DC-9 Super 80 will be quieter than any jets currently in operation with the world's major airlines.

In fact, the new DC-9 Super 80 is so quiet it even meets new government and international goals for new aircraft design of the 1980s. Airport areas affected by high noise levels are predicted to be only one-fourth to onefifth that experienced with earlier comparably-sized jets. And while making less noise, the engines will produce more thrust and make the DC-9 Super 80 by far the most fuel-efficient aircraft in its class.



(b/d). Acthoritative sources In Aothoritative sources In Kuwzit said that agreement on a rise of about 8 per cent-had been reached during talks with Mr. Mohammed Sadil, Indonesia's Oil Minister, who arrived on Sanday night as part of a tour of OPEC coun-ting in appearation for the

North Yemen launches

**Bbn.** development plan

GH YEMEN has launched its Arab world and industrialised

and or the construct is onservate also in be deterined in server more aid to the The plan entails spending four cent sconomy. The Govern times as moch money a year as also wants to struct pri-was spent in the last year before investors both from the the plan period.

opper survey ordered

T JAMES BUXTON

ittend 'the rejectionist sum-Hasbemite kingdom also has state on territory evacuated by of Arah leaders. is extraordinary compromise pro-U.S. axis between Egypt and However, it is known that he tots Jordan's concern not to Sandi Arabia. ad either Egypt or Syria. Without elaboration — but inhabitaois exercise self-determi-announcement followed clearly referring to its unitateral nation and also to maintain links if Hussein's, broadcast in nature—King Hussein expressed with any semi-autonomous entity in 'he called on all Arab reservations about the "form and there. His privale thinking con-es "to do all in their power the essence" of the Egyptian forms more closely to that of inify their ranks and avoid initiative. Despite his concern President Sadat and the U.S. about the disarray caused by Mr. Administration, but by its very about the disarray caused by Mr. Administration, but by its very inify is only in the ast neither also betrayed sympathy with his lead.

SANAA, Nov. 28.

it is not in our interests to raise prices during the ceming two years."

The authoritative Middle East Economic Survey yesterday (MEES) reported that on November 19 the Abu Dhabi government had asked the Abu Dhabi Petroleum Company (ADPC) to produce a maximum of 850,000 h/d in a maximum of socord i/d in 1978 compared with a celling of 995,000 b/d during the last quarter of this year. Abu Dhabi Marine Areas, in which the Government bolds a 66 per cent, share as in ADPC, has beeo asked in reduce its cell-ing from 580,000 h/d to 500,000 b/d.

MEES reported that there had been speculation about the reasons for the Government's action.

(TH YEMEN has launched its Arab world and industrialised imponent plan, which, if countries. Since the second of the Arabian States in having sobed country in the south sobed country in the south source of the Arabian is to be discussed and is eplan is to be discussed and street, by more than 200 states at a four day develop-is conference which was is conference which was is conference which was is d. Ghashmi. Most of the said aid funds, and from 1976-91. The largest allocations sources in constrikts and multi-are for infrastructure and im sources are from Arab govero-b and aid funds, and from 1976-91. The largest allocations sources in Addis Abaha em-basice infrastructure developed is and aid funds, and from 1976-91. The largest allocations sources in Addis Abaha em-basice infrastructure developed is and aid funds, and from 1976-91. The largest allocations sources in Addis Abaha em-basice infrastructure developed is and aid funds, and from 1976-91. The largest allocations sources in Addis Abaha em-basice infrastructure developed is and aid organisations. A ment hur agriculture and im attract more aid to the plan entails spending four attract more aid to the plan entails spending four attract more aid to the plan entails spending four attract more aid to the plan entails spending four attract more aid to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the plan entails spending four attract more all to the the plan entails spending four attract more all t This ranged from bellef in Its genuine desire fur conser-vation. 10 the possibility that it might be part of a move among members of OPEC towards production restraint, because of an expected glut in the oil market next year.

## **Polisario** frees

### fishermen

Westero Saharan guerillas yesterday released three fisher-men they captured in an attack on a Spanish trawler off the Saharan coast this month, Renier reports from Algiers.

The men were freed at the Algicrs headquarters of the Polisario Front, which is fighting for the Western Sahara's indepcodence with Algerian backing. Representatives of Spanish left-wing parties, trade unions and supporters of Polisario demands attended the

Support Standing of the server standing of the server standing for the Wester Standing round Harar during the week ago, in a key economic appointment of a seven speech. Dr. Kaunda toti a were toti the torministion to study the speech. Dr. Kaunda toti a called for "cxceptional mean of Zambia's atting partiasment till and to the comper industry. Both Roan Concleted Mines (RCM) and integration will be retrieved and anga Consolidated Copper US. To called for "cxceptional mean anga Consolidated Copper Tore soft the torministic or the construction integration will be retrieved at the tormine workers, hut a leader in the strough were "in cost tory the workers, hut a leader in the strough were "in cost transite pay curis". To day in Mocalista the tore tore industry. Both Roan Conclete the tore of the Bank of Zambia's attended for "cxceptional mean anga Consolidated Copper tores. The Standing torm under the tore of the Bank of Zambia's attended tore tore of the Bank of Zambia's attended tore tore of the Bank of Zambia's attended tore tore industry. Both Roan Conclete Strong tore tore industry attended tore tore of the Bank of Zambia's attended tore tore industry. Both Roan Conclete Strong tore tore industry attended tore tore of the Bank of Zambia's attended tore tore industry. Both Roan Conclete Strong tore tore industry attended tore tore of the Bank of Zambia's attended tore tore of the Bank of Zambia's attended tore tore industry. Tanzahian sources are tore tore industry in the catters and the tore of the Bank of Zambia's attended tore tore industry in the catter tore tore industry in the catter of the Standing tore tore industry in the catter tore tore industry. Tore of the Bank of Zambia's and tore tore industry in the catter tore tore industry in the catter tore tore industry. Tore of the Bank of Zambia's and tore tore industry in the catter tore tore industry in the catter tore tore industry. Tore of the Bank of Zambia's and tore tore industry in the catter tore tore industry in the catter tore industry. Tore The Communist Party News The Communist Party News-paper Pravada yesterday expressed its alarm over Chinese plans to purchase the British Harrier fighter plane, David Satter reports from Moscow. Pravda said "A dangerons identify of views" has developed lately between the Chinese and Nato.

34/3 Winter crop prospects .....

The dependability passengers have come to expect from DC-95 will continue in the new DC-9 Super 80. In the cabin, wide-look decor, lower sound levels and increased ventilation are standard.

And for the 52 operators around the world currently using DC-9s, the Super 80 has much in common with the parts and systems of earlier versions of the DC-9.

Already chosen by Swissair, Austrian, Southern and Linea Aeropostal Venezolana, the DC-9 Super 80 will quietly make the world a better place.

OC-5 SAN BO MEDONNELL DOUGLAS



YOUR OWN CORRESPONDENT NALKOSI, Nov. 20. 48 cructal to the detence of EETING is to be held next ways. Tanzanian sources say be cin Kisumu, Kenya, between President Nyercre is prepared (o is in Kisumu, Kenya, between President Nyercre is prepared (o is riment officials of Tanzania reopen the border in January Kenya to deal with problems providing a satisfactory arrange ng out of apportioning the ment cao he made over the com-its and liabilities of the munity's assets and liabilities. Inct East African Com-ity. High on the agenda will and there is no direct movement the question of reopening the by road, rail or air helweco

ity. High nn the agenda will and there is no direct movement were evacuating Harar this International Company New he question of reopening the by road, rail or air helweco ania-Kanya border. Nairobi and Dar es Salaam is was closed unilaterally by Neither Kenyao, Tanzanian nor is was closed unilaterally by Neither Kenyao, Tanzanian nor ident Julius Nyerere after international aircraft can fly sonnel leaving by road for Dire collapse of East African Air direct.

Race Relations, Reuter reports from Johanneshurg. Acother 160 are restricted by banning orders, which effectively slience the victims.

Moré than 700 people are detained without trial in South Africa, according to latest figures from the Institute of

### WORLD TRADE NEW

## U.K. clothing exports top £67m.

National, the Iranian car comcertainly exceed £620m." and the sales performances in the last six ouny. months has been at a rate of

ESOOm, a year, The industry has been seeking to boost exports in an attempt to

cut back on its very targe trade deficit as a result of the great increase in imports of tow cost clothing into the U.K. over

recent years. Exports in the three months.

TOYOTA MOTOR said it is negover. But the export total of tiating with three companies in 360.088 vehicles was down nearly France and Britain to import car 10 per cent. from the record August to October last year were parts to help promote Japanese momhly high in September. imports from the European Shipments to the EEC rosc 6.3 Economic Community. per cent, while exports to Britain stimulated by the fall in the value of the pound, and the Economic Community. per tent while expone to bringing total Council suggests that the record A Toyota spokesman said it is rose 17.3 per cent, bringing total figures achieved in the same too soon to give details on dates, sales to the market for the first quarter this year indicate a new quantities and car models, but ten months of this year to levet of market penetration, par the company expects to finalise 143,900 vehicles, compared with ticutarly in Europe. contracts in the near future. value of the pound, and the contracts in the near future. 121,387 in the same period Negotiations are in progress year. The association said.

## Volkswagen in talks on Iran car assembly plant

### BY GUY HAWTIN

Toyota may buy in U.K.

BRITAIN'S CLUTHING indust, is in talks with the Iranian chered record export lovels in is discrement which e group setting up a plant is from August of 258.m. Clubing the provide particular set and propertion would be into the product will be analter is recent purchase improved is an exported to the group setting up a plant interease in terms of volume. A conding the provide particular set and the setting of the setting for Morris disa interease in terms of volume. A conding the provide facilities. A conding the provide facilities are provide faci VOLKSWAGEN. West Germany's However, the polential size of November 17, covers the product THE Chinese Government has A BRITISH consortium led by and Weir Pumps, dock pumps, lead in a consortium of the largest motor-cat manufacturer, the Volkswagen deal appears in tion of a new middle-range hought a 910 tonoe d.w. offsbore Herbert Morris has won e 825m. There are other contracts to be type. Also the equipmer required will take no shore be

Fiat nuclear

China buys

offshore

By Fay Gjester

Iran National's deal with decision to open the U.S. Siemens order Peugeot-Citroen, signed on assembly facilities.

west verticing has now necome investmany has now necome investmants are in progress year, the association said. Britain's best export market for 'for purchases of sealed beam industry sources said Japanese laborate on a 50-50 basis on the Saudi Arabian clothing in Continental Europe, lights from Cibie Projecteurs of vehicle exports to Britain for construction of, among other ation last March to build a and exports to that country France and Joseph Lucas Indus. 1977 will reach 165,000 units things, soft water power stations desalioation plant at Jeddab, should exceed \$50m, for the year, tries of Britain, with seat helts compared with 134,789 last year, Exports of \$40m, to \$50m, are from Magnet Mangol also of Reuter

The agreement also envisages Franco-Syrian accord

Exports of £40m, to £50m, are from Magnet Mangol also of Reuter certain for the 12 months to Britain, he said. Sweden, the Neiberlands, France and Norway, while exports to the parts to passenger cars as carly as February 1978 for export But the industry is still heavily to Europe, he added. in deficit despite the improving! Meanwhile the Automobile export performance. For the ten Manufacturers Association re-wonths to the end of October ports that Japanese vehicle imports totalled £647m, (£566m,1) while exports amounted to only showed an increase of 19.5 per while exports amounted to only f4862m, (£323,9m1. Exports of £40m, to £50m, are from Magnet Mangol also of the parts to passenger cars as call for fitting the U.K. said that the recently the U.K. said that the recently established Brussels office was established Brussels office was established Brussels office was established Brussels office was reviewing a wide range of Euro-pean components for use in manufacturerer seat covering imports totalled £647m, (£566m,1) while exports amounted to only showed an increase of 19.5 per willing to both consider and test cent. over the same period last major components. Exports from Damascus, "This initial construction of cight cent. over the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports from Damascus departs of the same period last major components. Exports fr

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

supply ship \$25m. S. Korea contract

while it rose 10 per cent, for the Buyer finance, including British hecause of the movement "front end" finance, for the deal

Tinancial Times Tuesday November 29 1977

is being provided hy Lloyds Bank

### TEXTILE QUOTAS

BY KENNETH RANDALL

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travelling cranes are the ste and shiphuilding industries both currently in a state severe recession

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 Missui-Saudi deal

 By Paul Betts
 Missui-Shipbuilding and trayelling transit Shipbuilding and trayelling transit Shipbuilding and the State-controlted Finiteceanica concern have reached an agreement to colorapaty and the State controlted in the Suite controled in the State controlted in the State control of conpany of the United in the State control of So overbead trayelling transit Shippuilding and the state power desaling transit or plant equip-traiting the state control of So overbead trayelling transit or plant equip-traiting the state control of conpany and the Envirogenics System Company of the United The two companies are to col-trait from the Saudi Arabian laborate on a 50-50 basis on the Sotie going work as to build a that the state down as to 50 basis on the sotie from the Saudi Arabian laborate control to the tool tase joing work as tool and the Sotie conversion Corporation of the United to the Sotie sotie Conversion Corporation of the Sotie and the Sotie sotie and the Sotie and the Sotie and the Sotie and the Sotie conversion Corporation and the Sotie sotie and the Sotie a

Australians to extend curbs

### CANBERRA, Nuv.-28

SY KENNETH RANDALL THE Australian Government has promised. Unlike Mr. Whitlam, duites above, the quota-\$A announced a series of measures we have not exported thousands per farment, for example, in t-to protect its domestic clothing of jobs through across the board case of challed railwear. textiles and footwear industries tariff slashing." agsinst imports, including the Mr. Gough. Whitlam, now to a wide targe of clothing, to extension of import quotas to a leader of the Labor Party oppo files and to mid-1980 as the bei: number of new items. The announcement of the new tariff cut of 25 per, cent. when element of a three-year assi. measures follows last nights he was Prime Minister in 1974, ante programme for domest speech by the Prime Minister 'Tariff quetas will apply from producers...Quotas will Mr. Malcolm Fraser opening the Nevember 1 to curtains, certain allocated to importers for election on December 10, in coats, PVC and rubber-covered will' be steviewed every si which he said: "We have saved rainwear and leather, clothing months by a new committee tens of thousaods of Australian the quota is set at the level of pendent charman. industry the protection we 1976-77 imports with penal-level. This will mean in practice th

election on December 10, m coats, rvc. and Reader-Covered r which he said: "We have saved rainwear and leather, clothing tens of thousaods of Australian among others. In most cases, jobs because we gave Australian the quota is set at the level of industry the protection we 1976-77 imports with penal-level.

This will mean in practice tholdier-R: importers'are given notice wi

in advance of s six-mont-us entitlement covering the bulk their quots, with the rest al. EEC deadline approaches

BRUSSELS, Novo 28. "fine-tuning, decisions, Dela-transfer and lack of predictability under allocation have be

BRUSSELS OFFICIALS today make for a smooth transition and lack of predictability admitted, thal, with only some from the present system, allow, the Government since it plac nine agreements reached with 1. Textile imports arriving next curbs on imports. textile supplying- constrines quotis provided the 1977 Clothing items, affected for next year, the EEC com year. 2. Imports which become woven shirts and hoys overal-mission's negotiating time-table subject to limits for the first ing. Underwear and knift expressed bope that agreements limits provided they are exported, close monitoring and high-pric might be reached by Wednesday before January I and imported, close monitoring and high-pric suppliers—Hong Kong, India, 3. A greee period up to March 31. Kores and Brazil.

In the world of foreign exchange, you need the wisdom of the Pyramid.

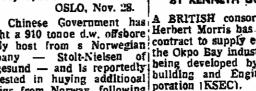
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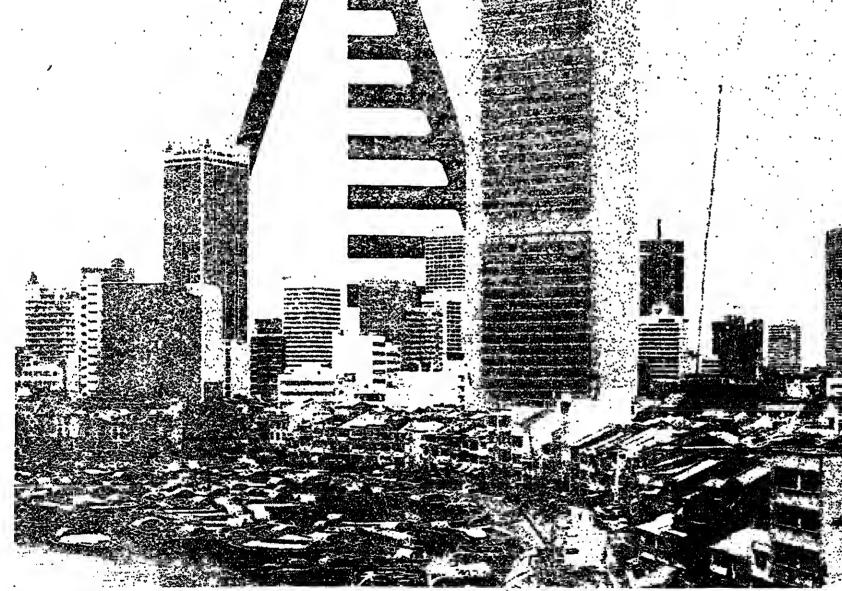
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Siemens AG has received orders io the value of the dollar. front Saudi Arabia for the con- "Bnt the ability of the B

from Saudi Arabia for the con-struction of two power distri-butors valued at a total of DMTIM. AP-DJ reports from Munich. International which has an office clinched it." said Mr. George ECGD backing About one-third of the hord.



British consortium wins



In olden times, the pyramid stood for a kind of knowledge that few possessed.

In today's world of foreign exchange, the Bankers Trust Pyramid stands for very much the same thing.

For half a century, the knowledge and experience of our traders has been one of the cornerstones of our reputation in the field.

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centers of the world (among others), our capacities are global. We are effectively making markets around the world 24 hours a day.

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To back up our traders in key locations, we have market trend advisors with an additional sort of expertise. They keep our customers informed and current on developing trends in the market, focusing on the

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exchange. Wherever you see the Bankers Trust Pramid, you're dealing with a full service bank in the fullest sense of the word, with the capacity to raise, lend and manage money worldwide. Whatever your needs, a visit to the Pyramid can be a rewarding experience.

But our expertise isn't limited to foreign



280 Park Avenue, New York, N.Y. 10017

BY DAVID BUCHAN

night-with some of the big four into the EEC before March 3L, at six monthly intervals) is helt stoppliers-Hong Kong, India. 3. A greec period up to March 3I exempted from import licensin. For countries which find, it but all specialist sporting for commission has set to give documentation rules on imports licensing arrangements becan-member states enough time to into the EEC. But such imports of the administrative difficult indge the results of the bilateral are to be charged against the of singling out certain typ-indge the results of the Council 1975 limits and may not, exceed, which compete with locally-mat. 20 In decided whether or not to renew the multifibre arrange-ment (MRA1. Meanwhile, the Commission to-day announced "transition" to day announced "transition" which will come into force which will come of the main conclusions (MTRIAL CORRESPON) which will come

India gains concession NEW DELHI, Nov. 28.

### BY K. K. SHARMA

INDIA HAS obtained a major vided the EEC agrees to finance concession from the Europeso the promotional campaign. Economic Community which has While progress in these areas agreed to permit duty-free entry has been outed with satisfaction inf jule products from next in terms of the commercial co-lanuary—six months in advance india and the EEC, the Indian of the original time table set delevitor india and the EEC, the Indian lanuary—six months in advance of the original time table set three years ago. This is one of the decisions taken at last week's inecting of the Indo-EEC Joint Commission in Brussels. During the discussions on further economic contacts be-tween the EEC and India the should be initiated on collabora-tion to promote sales of jute and coir. A similar study will be undertaken later on tee pro-beld fhis week at official level, of payments problems."

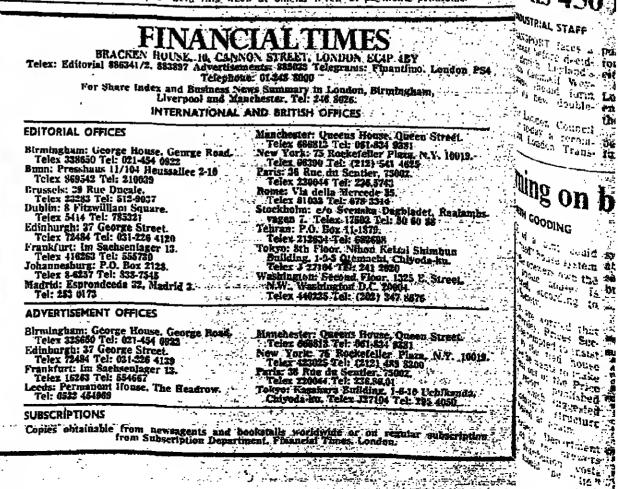
is one of the main conclusions (MUTRIAL CORRESPON a study on trade liberalisatio protectionism and interdepen ence to be published to-morro by the secretariat of the Generi Agreement on Tariffa and Trad. (GATT).

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staffier due 12 1. 50 South for he

(GATT). The study, produced by thre sentor GATT economists, claim that protectionism cannot t arrested unless each country cz be sure what the rules are, ao that other countries are observed



International Banking Subsidianes in the United States: Chicago, Houston, Los Angeles and Miami, Overseas Branches: LONDON, BIRMINGHAM, MILAN, PARIS, TOKYO, SINGAPORE, NASSAU and PANAMA CITY. An International Banking Network of branches, subsidiance, adultates and representative offices in 55 countries on 6 continents. Member Federal Deposit Insurance Corporation - 5 Bankers Irual Company

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## rtium Cabinet to discuss rea on nuclear power

## order programme

### BY RAY DAFTER

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at of larger groupings in cer- toe field of competition policy

b industries. will start from the assumption But Mr. Roy Hattersley, Prices that biggest is no longer autoretary, said yesterday that matically best. Service and conflict in principle The decision to hold, the in-service the industrial strategy quiry, first announced in the

Meter incompetition policy Queeo's Speech, reflects the Meterive competition policy Queeo's Speech, reflects the Meterive Act would be Government's concern about the Finded to make this clear, growing concentration of British fir. Hattersley was announce industry. Jetails of an internal review Editorial comment, Page 18

### would not pass money to a soldier-Racal chief

### Moaches FINANCIAL TIMES REPORTER

B CHAIRMAN of Racal Elec-initis explained his attitude to 1971-72. Initis explained his attitude to 1971-72. Initis explained his attitude to 1971-72. Initis arms contracts when the Lt-Cole Randel, who was a ruption trial of two of his communications adviser to the mere executives resumed yes. Defence Ministry at the time, day at the Old Bailey: Initis explete that the Racal group I passed £255.000 in commission is to Sir Shapoor Reporter, an I chan husiness consultant, said the could not give full details is probably had come under egroup controller. This might be why 290,000 of tax rules.

**BP** start on Magnus Field expected soon

### BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM is Much depends on whether the it is prubable that BP would expected to sanction the develop-Magnus oil can be transported choose a concrete gravity struc-ment of its northorly offshore to the Sultoni Voe terminal ju ture if storage and offshore toad-Magnus Field, at a cost of fibn, the Shelland Islands via the ing were the favoured develop within the next two or three Ninian or Brent pipelice systems, ment method. But given spare months.

AT AT DAFTER
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A CABLYSET is to diverses manufaced at a contacting cables of the Central particulation of the optication of the contaction of the

Development Planning

order of \$50 million.

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Woodside Petroleum Ltd.

Accordingly on November 7, we issued the

Joint Venture have agreed to proceed with the project

planning and definition stage of the North Rankin gas

field development. The total estimated cost is of the

"The Participants in the Joint Venture are Woodside Petroleum Ltd. 50 per cent, North West

Shelf Development Pty Limited, BP Petroleum

Asiatic Oil Company, each 1623 per cent.

and to export liquefied natural gas (LNG).

the planning and definition phase includes:

Contracts totalling some \$5 million for

Development Australia Pty Limited and California

The project planning and definition phase is

necessary before a commitment can be made to the

total project involving the estimated expenditure of \$2500 million to \$3000 million for facilities to supply

domestic sales gas for the Western Australian market

oceanographic studies to determine the route of the

submarine pipeline from the gas field to shore will be

Limited of the UK and Holland

· Associated Surveys Pty Ltd of Perth in

. EG & G International Inc of USA and

\* R J Brown & Associates of Holland and

\* Scabed surveys to assist in the foundation

+ Determination of the site for the onshore

environments including the preparation of

\* Preliminary design of offshore and onshore

to be made of both capital and operating

\* Direct negotiations for the sale of gas in the

marketing arrangements for domestic gas in

the basic agreement which bas already been

reached with the State Energy Commission

of Western Australia, and the development

\* Shipping studies to determine the numbers and types of vessels needed for the

Perth and the South West to complement

facilities to enable more accurate estimates

+ Determination of the location for the

+ Studies of the offshore and onshore

environmental impact statements.

Pilbara, the development of further

of contracts for the sale of LNG.

transport of LNG.

Other work which will be undertaken during

design of production platforms.

Joint Venture with Osiris Survey Projects

"The member companies of the North West Shelf

following statement to the stock exchange:

'Insider' reprimand Keyser for former NatWest Ullmann sues assistant manager Stern

هكنامن الأجل

A progress report to shareholders

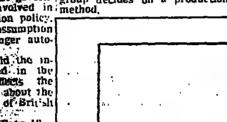
And the regulation of the regulatio

It is usual about this time of the year for the Board to report to shareholders on -activities since the Annual Report was published and particularly since the Annual General Meeting in April.

This year, the period has seen the satisfactory conclusion of negotiations with the Commonwealth and Western Australian Governments of terms for the development of the North Rankin gas field which was discovered in 1971-72. given the Joint Venturers the confidence in proceed with further investment in this huge and complex venture.

The development of the North West Shell gas reserves will be the largest resource development undertaken in Australia. Because of its scale and national significance, we believe that the project deserves and will receive the support of all Australians. Exploration

While negotiating for the development of gas discoveries made six years ago, we have also been pressing on with ezhio primary object of discovering oil. Our current well, Caswell No 1 in Permit WA-34-P in the Browse Basin is the 62nd to have been drilled on the North West Shelf in the past decade. On November 8, we advised the Stock Exchange that strong indications of hydrocarbons had been encountered in the well while drilling the interval 3605 to 3607 metres. The significance of these indications will be evaluated as work on the well proceeds. Exploration wells already completed this year arc Haycock No 1 in Permit WA-28-P in the Dampier Sub-basin, which encountered thin gas bearing sands, and Scott Reef No 2A in Permit WA-33-P, which also encountered gas. The significance of the Scott Reel No 2A results in relation to the gas discovered in 1971 in the Scott Reef No 1 well is now under study. Future Exploration In order to progress exploration as rapidly as possible, the Joint Venture has, for some time, been reviewing the farmout of various areas of the North West Shelf to other exploration groups. As a result of these activities, a major oil company has expressed an interest in the Jarman-Picard Block in WA-1-P of the Dampier Sub-basin, and negotiations on a possible farmin are proceeding. The current well, Caswell No 1, is the first of several planned by the Joint Venture in water depths of over 200 metres. These will be drilled during the coming years as part of a programme to evaluate the central and outer parts of the North West Shelf basins, which have only been sparsely explored to date. To assist with the planned drilling programme, the Joint Venture will carry out an extensive seismic survey in early 1978 and will also reprocess older seismic data to improve their quality. These activities will ensure that well locations are matured in time to match rig availability. As part of its ongoing exploration programme, the Company participated with its Joint Venture Partners in hidding for the two northernmost new permits of the Exmouth Plateau area. The Designated Authority has offered Permit WA-90-P to the parmership. This new permit is contiguous with and offsbore from the Dampier Sub-basin Permit WA-28-P, which contains the main hydrocarbon discoveries made by the partnership on the North West Shelf. Finance The Company is in a liquid position having had \$19.6 million in cash and deposits at 31 October. The first call of 20 cents per share on the partly paid shares which is due and payable on 14 November 1977 will raise a further \$11.07 million. Expenditure of the Group (excluding Vamgas) during the period 1 January 31 October 1977 amounted to \$14.7 million. This rate of expeuditure will now increase as we proceed into the project planning and definition stage of development.



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group controller. his inight be why £90,000 of tax rules. Sinooey had been debited to al Mnbilcai, another sub- to any payments to Lt-Col. ary, instead of Racal BCC Randel because I would not conch actually got the contract. Jemplate money being paid to a Dr. Geoffrey Wellburn, 41, and serving soldier, even if it was Frank Nurdin, 61, deny for onward transmission to by £25,000 improperty to Iranian authorities. Col David Randel, 41, to help The hearing was adjourned

al BCC with a £4m, defence until to-day. 1.1

## Machine-tool aid scheme till has £6m. left

### TOUR INDUSTRIAL CORRESPONDENT

\$ SOVERNMENTS machine and £25.000 for re-equipment 5 GOVERNMENT'S machine and £25,000 for re-equipment industry aid scheme still and expansion. Effin, left and the Industry So far, the Department has induct that applications must which, if all are given the go-inder that applications must which, if all are given the go-in by the eod of the year. then the scheme was laun-in in August 1975, about Machine tool companies will in in aid was allocated and still be able to apply for assis-was stepped up to £30m, in lance for the crucial area of new product development under

was stepped up to £30m, in lance for the crucial area of new product development under he scheme was simplified to the Department's Product and e it more altractive in Process Development Scheme. ller companies and its scope sone groups within the in-ined to take in manufac-tes of associated equipment. ie minimum cost of a quali-project is now £50,000 for help smaller companies develop-. uct development projects new export markets.

## T seeks 450 new buses

### -Y OUR INDUSTRIAL STAFF

DON TRANSPORT faces a port be authorised to purchase, her assessment before decide for £17m., 450 daubie-deckers of whether British Leyland's either type next year. n or Metro Cammell Wey. However, it was felt that u's Metrohus should form London Transport had not had basis of its new double enough operational experience of the two buses. ie Greater London Council coosider to-day a recombe for a limited number untail dation that London Trans- further experieoce was gained.

## Varning on beer price

### Y KENNETH GOODING

PRICE of a pint could system end and public houses he ile if the "tied" house system able to huy their beer from any r which the brewers own the writy of public houses la brewer which nwns the outiet. cally altered, according to

Brewers Society.

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se brewers are worried that Roy Hattersley, Prices Sec-by might be tempted to insist ART FAIR. London's brat me and tak changes to the flad house of the Royal Actempt of Arts in Picca in Royal Actempt of Arts in Picca in the Royal Actempt of Arts in changes to the flad house on because he wants to make ical capital out of the Price 

### ART GALLERIES

+ Examination of possible methods and sources of financing the project. It is expected that the information generated by this

work will enable the Joint Venturers to make the decision whether or not to proceed with the construction phase of the project. This is presently timed to begin in the second half of 1979 and scheduled so that gas production for the domestic and export markets can commence in 1984.

The Participants in the Joint Venture consider that the package of assurances and incentives negotiated with the Western Australian and Commonwealth Governments provide a satisfactory environment in which to commit the substantial funds required for the planning and definition phase. In addition, they

have been encouraged by the positive attitude to the proposed development by the Opposition Parties in the Western Australian and Commonwealth Parliaments.

### Markets and Prices

Further encouragement to proceed has been provided by the conclusion of a conditional agreement with the State Energy Commission of Western Australia for the supply of pipeline gas to the Western Australian market over a 20 year period and by the growing world demand for LNG.

In Western Australia the Joint Venturers have already concluded a basic agreement to supply up to 370 million cubic feet of pipeline quality gas per day. This is equivalent to 145 trillion (million million : British thermal units (Btu) per year and will fully satisfy the requirements of customers in the South West of the State and the Pilbara.

Without the development of the North West Shelf gas fields, Western Australia would become increasingly dependent on imported crude oil. The arrangement made would guarantee the supply of a substantial part of the State's energy requirements into the 21st century.

The price to be paid by the State Energy Commission for the gas, was negotiated on the basis of current market values, with escalation provisions to ensure that price relativity is maintained.

As has been widely reported, it is at present intended to produce up to 6.5 million tonnes per year of LNG for export from the North West Shelf. This is equivalent to approximately 337 trillion Btu per year.

The balance of recoverable reserves in the Rankin Trend after supplying commuments to the Western Australian and export markets will be available for use as required.

The potential markets for North West Shelf LNG are Japan and the West Coast of the United States.

The North West Shelf is geographically well placed to supply Japan, where in 1976 total consumption of natural gas 80 per cent in the form of LNG represented only three per cent of total primary energy consumption.

Japan is anxious to diversify to new sources of imported energy. In addition it has suffered more than most industrial countries from pollution problems and is attracted by the clean burning properties of natural gas.

In Japan, natural gas competes with low sulphur fuel oil, napbtha and LPG, all of which currently cost at least \$2.50 (US \$2.80) per million Btu landed. The two most recently concluded contracts for LNG supplies from Abu Dhabi and Indonesia have escalation clauses which relate to changes in crude oil prices.

In contrast with Japan, which huys LNG mainly for base energy use, the West Coast of the US seeks natural gas as such to overcome shortfalls in the domestic natural gas distribution system. LNG from Western Australia will therefore be competing with gas from alternative sources including the possible luture production of high cost substitute natural gas.

Because of growing shortfalls in domestic production, the United States needs far more gas than could be supplied physically as LNG and the constraints of the North West Shelf gas entering this market are imposed by US Government regulations rather than by market factors.

The arrangement with Western Australia, together with the export market potential of Japan and the United States and the constructive attitudes of both Government and Opposition parties in Australia, has e, 10th November, 197 ON BEHALF OF THE BOARD

J. G. DONALOSON CHAIRMAN

### Woodside Petroleum Ltd.

Registered Office East Tower, Princes Gate 151 Printers Street, Millourne, Visiona, Australia, 3000, Telephone, 632421, Cables and Telegrams, 'Woodpel, Telev, 31595



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### HOME NEWS

Pay rises and exports

decline worries CBI

CBI LEADERS are becoming man of [12], to approve the report, the intake of export orders has

concerned that a decline in the they reflected increasingly slowed since the middle of the rate of growth of exports plus gloonly views about prospects year and that, although there are

This led the CBI yesterday to

## Accountants demand David more information on Co-op business

### FINANCIAL TIMES REPORTER

MEMBERS of the co-uperative retail socialies are not given sale Society, which co-ordinates enough information about the the movement's commercial state of the businesses they are activities, did not differentiale supposed to control, the between the turnover of manu-chartered accountants' journal facturing and wholesaling.

clatined yeslerday. Registrar of Friendly

Accountancy says. ncreases is becoming a nurni for rises emerge from the fact that said "it is surprising and most

Format on gilts will set standard, say actuaries BY ERIC SHORT

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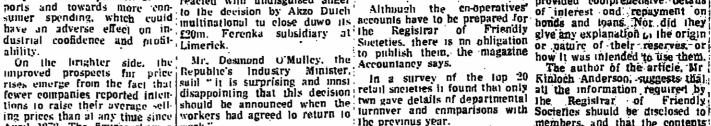
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it was designed to handle y Frost's increasing earning abroad. particularly in the

The judge dismissed with co. the Inland Revenue's approver a Tax Commissione. decision excluding Mr. Fros foreigo earnings between 19 and 1975 from income-tax. he taxman had origina assessed Mr Frost of Edgert Crescent Chelses for lar of the three years on fi74.6 but the Commissioners h reduced that to £27 \$05- whi

was introduced, tax is payat in Britain on 75 per cent foreign earnings pald outs



pluyces. The Irish Government has lost no time in saying that the £6.5m granted to Ferenka by the Industrial Development

Dublin

angry

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Economic growth next year. herefore, unght be slanted THE IRISH Government has

cial prospects of the plant, which supplies many leading tyremakers,

the accumulated losses, nearly £15m, since Fercoka's establish-ment, including the effect of the strike, and earlier repeated work

the enmuany's ability to restore normal labour relations."

Duich company s problems it is clearly angly at the Ferenka pull-nut. and concerned that the decision may prejudice ireland's vital foreien idvesiment drive. Mr. O'Malley's stulement last night said that the "serious selof Ferenka's closure "would not be permitted in affect the momentum of freland's ndustrial drive."

hopes that it will pick up again.

developments in world trade will

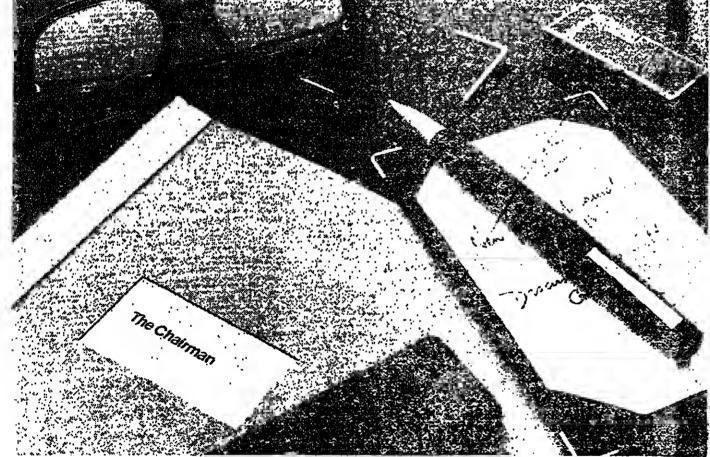
Delays cost exporters £500m.

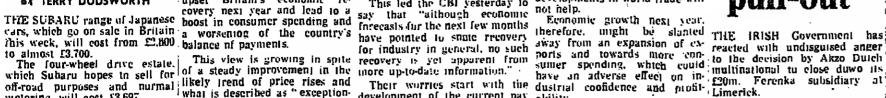
Britain's oil 'a safety net'

### BY DAVID FREUD, INDUSTRIAL STAFF

BRITISH INDUSTRY is nut portance of transport and of stnek were required to envert the account of the sport o

BRITISH INDUSTRY is nut portance of transport and of stnek were required to enver





unset Britain's economic re-

BY JOHN ELLIOTT. INDUSTRIAL EDITOR

high levels of pay increases may from their own companies.

off-road purposes and nurmal likely Irend of price rises and off-road purposes and normal linkery frend of pice faces and their worries start with the dustrial coolidence and picht Limerick. motoring, will cost 13,697. I what is described as "exception development of the current pay ability. The Subaru Importers in the ally good "exports of manu-U.K., who are associated with factured products so far this per cent, target for earnings improved prospects for price Republic's Industry Minister. the former Jenson company, said year.

yesterday that they were aimlog These are the main points to settlements. "Even if wide-fewer companies reported inten-to make further dealer appoint emerge from the CBI's monthly spread breaches of the guidelines tions to raise their average settles should be announced when the ments sonn to bring their total economic and treods report are avoided, it seems that pay ing prices than at any time since workers had agreed to return to to about 30. drawn from survey replies sub-increases may, in many indus April 1972 The figures show a work." Eventually, they hope to bring mitted to the CBI by more than tries, be too high to be sustained marginal improvement on results the dealer list to too, selling 2,000 empanies in manufacture without damage to output, for September and October and Steel cord plant bas heen at a of about 10,000 vehicles a year, but ing industry between November increases of more than 19 per empliate a trend that has heen standstill for seven weeks em

the dealer list to t00, selling 2,000 empanies in manneeter within the dealer list to t00, selling 2,000 empanies in manneeter within the dealer list to t00, selling 2,000 empanies in manneeter within the dealer list to t00, selling 2,000 empanies in manneeter within the dealer list to t00, selling 2,000 empanies in manneeter within the dealer list to t00, selling 2,000 empanies in manneeter within the dealer list to t00, selling 2,000 empanies in manneeter within the guidelines. The manneeter within the guidelines. The total new there is a balance of an inter-union recognition of 1.6 litre flat-fnur week under the chairmanship of increase within the guidelines. The total new there is a shock because it concided with the return to the first year. All five vehicles in the Subare empanies on the CBI's economic lawer output and employment by only 46 her cent. of respondents situation committee met last to 199 than would an average expecting the bier cent. Increase within the guidelines. The total bier cent is a shock because it concided with the return to the total total bier employment is the total bier employment is to total total bier employment. All five vehicles in the Subare commission the chairmanship of increase within the guidelines. The total bier employment is total total bier employment is the total bier employment is total bier employment is total bier employment is total bier employment is total bier employment. The total bier employment is total bier employmen

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Japanese

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BY TERRY DODSWORTH

Perstorp £5m.

## spending plan

the Monasterevin siege. Although the Irish Government, as been sympathetic to the



cance of Shell's 50:50 sha with Esso in the Brent Fic and its other projects white require an outlay by Shett £1m, a day and a totat inver-ment in the North Sca by 197 of about £2.550. There will he other sent



He said the reason had been

"We have lost confidence in

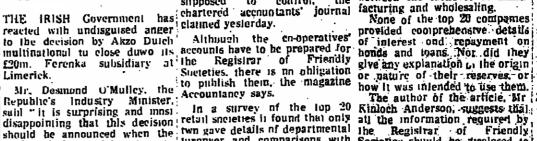
beadlines, when Dr. Tiede Herrema, its chief executive, was khinapped by Republican exfor six weeks that ended with.

Ferenka Ircland opened in AN EXPERIMENT in com-Limerick in 1972 and way munications between a comurginally scheduled to double leapacity lor a £40m, complex rennloying 3.000. It made the

ence centre.

The occasion is not an aumual meeting, which tends -Itke most company meetings

Production at the Ferenka Eleven did not publish details of accounts and regulations about Steel cord plant has been at a of the number of people auditors should be harmonized standstill for seven weeks employed and none made any with the Companies Act require in because of an inter-union recog-forecast about future prospectal ments. members, and that the contents:



appeal None of the top 20 compares provided coopprehensive details of interest and repayment on give any explanation L. the origin or nature of their reserves, or how it was inlended to use them. The author of the article, Mr. Mr. Justice Browne Wilkins

Shell meets its shareholders

""He will explain the wo

## This man aims to invest $\pounds 500,000$ in a new production line for his company We aim to give him all the helpheneeds There comes a point when every successful and expanding company needs finance. It may be for a new production line, a factory or a mismed machinement but a within the minimum of the finance of the term of a machinement but a within the minimum of the finance of the term of a machinement but a within the minimum of the finance of the term of a machinement of the finance of the term of the term of the finance of the term of term of

a factory or a piece of machinery that can't be linanced out of cashflow or capital. You need a decision, and you need it quickly. And that's when you need Coutts,

Just because Courts isn't one of the big banks does not mean it isn't one of the most professional.

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APPOINTMENTS Chairman changes at AITC

Lord Remnant has been valeman of the ASSIICIATION F INVESTMENT TRUST COM He succeeds Mr. D. lunter Johnston, who has retired completion of his two-year erni of office but remains a men of the general committe Mark B. Cornwalt-Jones h: Association Mr. G. A. Stoul and dr. J. R. Storar continue as the ther deputy chairoten

Since 1970 Lord Reionant has been managing director of Touche Remnant and Co. the is also a director of a number of lovest-Ment Irust companies. Ment and Matters Page 18

Mr. 1. Peter Lee has been appointed a deputy director general of the PANEL ON TAKE-OVERS AND MERGERS.

Mr. G. R. Dram has been appointed linancial director and Mr. F. G. Sparrow, director and chief designer, on the Roard of MIDLAND ELECTRIC MANUFAC-TURING, a subsidiary of Delta

Mr. F. S. K. Baron has been ppninted chief executive desig nale of the international trading region of the GUTURIE (2011 PURATION from December t. Mr. Baroo is at present the group's histness development manager and he takes over as regional chief executive on May I, on the refirement of Mr. R. F. Jenkins, Mr. T. E. Francis becomes manor sultancy position in London with the Unithree Corporation. Mr. Francis was previously man-aging director of John Holt Venlures in Nigeria.

Mr. S. N. B. Leistman, senior pariner of Grentell and Co, since 1970 and of GRENFELL, ANII COLEGRAVE stockbrokers, since January, 1975, is to relife from that post on April 28 hill will remain a partner, relaining par-neular responsibility for edminis-trative and inatorial matters. He will be sucreeded by Mr. T. H. July de Luthlniere.

Mr. Mirbael Thompson has beapputded to the Board of the WILLIAMS LEA GROUP. He is nanaging director of Dolphin

كذاهن التحمل

## **DECEMBER** 13 1977

SPAIN

The Financial Times is preparing to publish a Survey on Spain. The main headings of the provisional editorial synopsis are set out below. For further details of this and of advertising rates contact:

Michael Prideaux Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 248 8000 Ext. 424. Telex: 885033 FINTIM G.

### or Luis Andrade,

Ponzano 72, 2°C, Madrid 3. Tel: 253 0868.

INTRODUCTION Progression towards a modern state which can huld its own politically and economically; particularly if Spain is granted EEC membership.

PULITICS Printe Minister Adolfo Suarez and his union of the Democratic Centre pursues policies of gradual change: determined opposition from Senor Felipe Gonzalez, head of Socialist Worker's Party.

ECONOMY \$4bn. balance of payments deficit: attempts to stimulate industrial recovery and empetitiveness in exports: discouragement of domestic consumption, austerity measures and tax reforms are aimed at culling back currency supply, holding down inflation and distributing income more evenly.

INDUSTRY High costs due to oil and raw material prices: too-many firms accustomed to outlets on the domestic market.

FOREIGN TRADE 40 per cent. of exports to EEC countries.

AGRICULTURE 23 per cent. of work force employed on the land: damage due in soil crosion: mechanisation slow to reach some zones,

TOURISM 20 per cent. devaluation of peseta in July caused boom: efforts to obtain franchises for casinos in Balearies and Canaries.

BANKING S per cent. bank rate in July and August: tax reforms: inspection of accounts.

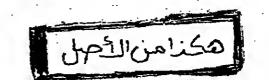
FISHING Spain has suffered from the international 200-mile limit: Government efforts to solve the problem.

LABOUR Free trade unions with undefined powers: major unions criticise Government and their efforts.

REGIONAL DEVOLUTION Need for regional autonomy recognized by Government: progress toward generous autonomy for Catalonia and the Basque country.

**FINANCIAL TIME** 

**BUSINESS NEWSPAPER** 



CHOLAS COLCHESTER REPORTS ON EVIDENCE TO THE WILSON COMMITTEE FOR THE FINANCING OF INDUSTRY AND TRADE

## TUC proposes new £1bn. lending facility

WILSON COMMITTEE to day publishes its second inne of oral and written evidence on the financing of dustry and trade.

The written submissions aiready published of the infederation of British Industry, the Trades Union Congress of the Association of Independent Businesses are reproduced he by side with the transcripts of hearings at which the industry is antiparticle in the sector. mulitee discussed this written evidence with its authors.

Here are presented some of the more striking comments tich were made at the three hearings, grouped by theme ther than by interest, in contrast the points of view expressed. Contral to the sections reproduced is the proposal in the inten evidence of the TUC that a new lending facility he sublished ready to invest fibm a year in industry and funded prout of North Sea oil tax revenues and half out of the net new of funds into investing institutions. The TUCs aim is the institutions more directly involved in manufacturing

Not enough space is available to do justice to the lengthy

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UC fund reference A. D. Bein, for the equity market heing shout more than half of the ther overall return, have to hok in this. I think we used the phrase in any cases of the extraordinarity high rates of interest which we have had so how to be equity market. I have any seen in the extraordinarity extraordinarity in the extraordinarity extraordinarity extraordinarity extraordinarity extraordinarity extraordinarity extraordinaris ex

Bain: So the proposition, if I we it right, is that you are agesting that the Government mild guarantee the rate of rein on a certain part of the inds provided by the Institu-

should feel a part of

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activity<sup>7</sup>

-topic which discussion of the problems of small businesse has loomed large in the evidence presented to this committee so far.

Both the CBI and the Association of Independent Businesses deal extensively with this problem. Both stress taxation and its effect on the supply of private capital and the will-power of the entrepreneur as major factors. Both add that the volume of time-consuming legislation with which a small company has to comply 14 another.

But the CBI and representatives of small companies appear to disagree on the "information gap "-the supposed ignorance of small entrepreneurs of possible sources of finance from institutions. The CBI raises this as a problem: the small businessmen ponb-pooh lt.

Indeed, the association tends to be against institutional ald to small husinesses, advocating a climate where such businesses can stand on their own feet.

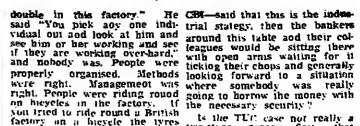
It does, however, suggest that hank loan guarantees, along the lines of those supplied by the Small Business Administration In the U.S., would be helpful.

Financial institutions the Coal Board's peosion fund they mentioned this. They said they need far more staff to invest in small firms. So where you have pension funds with an over-idlag responsibility this does

riding responsibility this does change the situation. Again, 1 would have thought that if you

London of the American banks has provided a competitive spur to which the commercial hanks here have responded. Most of us who have been involved in largescale operations with the banks have welcomed the arrival here of these foreign backs, and commercial backs have modified themselves in some ways: perhaps that increase in medium-term lending has subgifting to do with the arrival of the American: The other big factor, of course, is the long-term leading which in

the past most of us have en-gaged io, and where we look to the iostitutions, and particularly the iostitutions, and particularly the insurance companies, as huyers of nur long-term secur-ties. This market has disappeared because of the extraordinarity



you fried to rule round a British factory on a bicycle the tyres would he cut to pieces before you got ten yarzs. These were the differences. You cannot just investment programme increased the differences. You cannol just investment programme increased put people into factories in that by £1,000 million a year in the sort of condition and expect 1880s, and that requires a clear them to respond in that has been appeared in the source of the sort of condition and expect 1980s, and that requires a clear them to respond in that way but there are plenty of examples we strategy first, but toat they are can show you where the British suggesting that since there is reaction is as good as abyuon not such a strategy operating or the strategy are all

Lack of demand

Sir Harotd: t think what we demand can be fue us the finanhave to do it in the stabilish the cial institutions, he they the deniand and inch see how it can main City institutions, the banks, be incl. as I say, with a Govern- and so nn, or be they the insur-ment guarantee of the new ance companies, pension finds, strategy expenditure, in the same and the rest?" If this is so, is way as they gusranteed a certain it not the case that the decision

in prospect institutions are fault for not financing it? we not have to create the demand



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in Special Development Areas, and up to 2 years elsewhere,

Wide choice of locations and sizes

if enough new jobs are provided

99-year leases can be purchased

Rents assessed at current market value

36

Sall-Will

Jea: That is right.
Bain: And that is a separate is inhored.
Jective, nothing to do with proIng the funds?
Ing the funds?

## IF YOUS GAS-RING

If you smell gas, remember the simple safety rules:-\*Don't smoke or use naked flames. \*Don't operate electrical switches-on or off. \* Do open doors and windows.

\* Then check that you haven't left the gas on and unlitor that a pilot light has not gone out.

If you suspect a gas leak, turn off the supply at the meter-and report the leak. Do this at once. The number's in the telephone directory under Gas-and we're on call 24 hours a day.

We'll come quickly and deal with the problem. And if you smell gas at work or in the street, please report it at once. Don't leave it to someone else.

WE'RE HERE TO HELP YOU-24 HOURS A DAY

Ask at your local gas showroom for our free booklet Help Yourself. To Gas Safety, which describes the full range of services we provide.

and guarance the state of the is activity
in small firms. So where you have encoded by the lastitude of the source of the source of the source actuarial control to the source actuarial to the source actuaris the source actuarial to the

These factories offer considerable financial advantages when you take into account the other incentives available. These include grants of up to

22% towards the cost of new building (including the factories we offer if purchased): similar grants for new plant and machinery in many places: favourable term loans or interest relief grants; and grants to help with removal costs.

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## **OTTO WOLFF AG** COLOGNE/GERMANY

### The Otto Wolff Group in 1976

Iron and SteeleMachinery and Equipmente Engineering, Constructione Technical know-how

		Turnorer M. m. j 197ā	Personnel 31.12.76	Holding
Olto Wolff AG, Cologne	1,389	1.180	398	
Trade Vilo Wolff Handelsgesellschaft mbH, Cologne (including subsidiaries) Otto Wolff Industrie-Anlagen Gesellschaft mbH. Cologne EBG Elektroblech Gesellschaft mbH. Bochum Ferromonian S.A. Paris (Group) Hommel Handel GmbH. Cnlogne Ferromonian Beteiligungsges. mbH, Vienna (Group)	986 62 306 258 47 91 38	890 100 285 216 49 69 33	L145 33 22 155 156 380 166	100 100 50 100 12ver 75 100 100
· .	1,786	1.642	2,079	•
		<u> </u>	1_2 <u>_200_010</u>	
Processing Eisenwerk Weserhütte AG. Bad Oeynhausen Maschinen-und Bohrgeräte-Fubrik Alfred Wirth & Co. KG. Erkelenz Hommelwerke GmbH. Mannheim Otto Wolff-Homburger Bau GmhH, Neuokirchen (Saart '	139 103 9 125 46	121 81 17 126 46	1,463 946 193 906 516	over 75 101 100 57 ธีน
	422	391	4.024	
Basic Materials Industry Eisen-und Hültenwerke AG. Cologne Neonkircher Eisenwerk AG. Neunkirchen (Saar) Rasscisteto AG. Neuwied/Rhine Stahlwerke Bochum AG. Bochum	728 1.110 543	ыяо 1,034 478	5 8.274 3,664 3,073	over 7ā 50 18.ā
	2,383	2,192	13,U16	

Consolidated turnover 10tto Wolff AG and 100% or majority holdings without abroadt 1976 DMm. 2,988 (1975 DMm. 2,637)

Subsidiaries and Affiliated Companies Abroad Bruhn y Otto Wolff Ltda. Santi EGLO Engineering (Services1 Ltd. Lideo Santiago de Chile Lidcomhe/Sydney Ferroinontan Beteiligungsgesellschaft u.b.H. Wien San Juan/Puerto Rico Ferromontan Inc. Ferromontane S.A Paris Ferromontan S.r.l. Mailand tmbtech AG Würenlos/Switzerland Sunonot-Bourguignonne de Métalturgie StBOM S.A. Dijon S.A. Orne Mulaus S.A. Otto Wulff (Benelux) N.V. Weserhütte Equipamentos Trémery (Moselle) Brussels Rio de Janeiro Johangesburg industriais Ltd. Wescrhittle (S.A.) (Pty.) Ltd. Weserhätte S.A. Madrid Wescrhütte Otto Wolff (Pty.t Ltd. Sydney Wirth Latina S.A. tittu Wolff America toc, Chicago Otto Wolff America Inc. Sao Carlos/Brasil Chicago Houston/Texas San Francisco and Los Angeles Otto Wolff Automotive Ltd. Hong Kong Bin de taneiro and Otto Wolff do Brasil Ltda. San Paulo Tehran Otto Wolff Iran Trading Company Inc. Utto Wnlff (Nigeria) & Cn. Ltd. Otto Wolff de Venezuela C.A. Lagns Сегагаз

12

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Delegates Overseas	
Argentina	Buenos Aires
Chile	Santiago de Chile
Colombia	Bogota
Egypt	Cairo
Jran	Teheran
Kenya	Nairohl
Thalland	Bangkok
USSR	Moscuw

Unlike the general economic development, 1976 was yet another Unlike the general economic development, 1976 was yet another year with heavy losses for the German steel industry after 1975 had generally been the weakest of all post-war years, which produced the slogan of the 'crisis within the crisis.' Although steel husiness is one of the main activities of the Otto Wolff Group, sales increased again in 1976 and as a whole the year closed with a satisfactory result: consequently Otto Wolff AG were in a position to increase their dividend from 6% to 7%. This improvement, in which Otto Wolff Handelsgesellschaft mhH contributed again in 1976 has its hasts in the well-balanced

mhH contributed again in 1976, has its basis in the well-balanced mhH contributed again in 1976, has its basis in the well-balanced structure of the group. The coexistence of different business activities enabled like group as a whole to halance and absorb negative influences which occurred in individual branches. Con-solidated external sales of the Otto Wolff Group went up from DM 2.600 th DM 3.000 m. Otto Wolff AG which serve as the sales organisation for the sheet and tinplate production of Rasselsiein AG, Nerwied, and Stahlwerke Borhum AG, raised their sales by 17.7% th DM 1.389 m. Cold-rolted sheet, which had suffered most from the worldwide the restructuring operations in prozzets. In soile of investours of the present negative range Otto Wolff-Humburger Bau GmbH of Neonkirchen/Saar, in Otto Wolff-Humburger Bau GmbH of Neonkirchen/Saar, in

were positive. The same applied to the French participations Ferromontane S.A. in Paris and SIBOM S.A. in Dijon, Hommel Haudel GmbH, Colngne, distributors of machine and

hand tools, in 1976 celebrated their 100th anniversary. Sales were up by 31.5% to DM 91 u. This increase being far beyond branch average was equally achieved by tool and machinery business. Operating results were positive.

by 31.3% to Law average was equally achieved by tool and understand of the series of t

DA 62 m in the nivtness year tarm, sartes in the art of the capter of the secret art of the profile of the secret art of the secr

representing the Austrian interests of out that and fabricating experi-marked hy positive impulses in steel trade and fabricating experi-enced in the second half of the year. Because the economy continued in the second half of the year. Because the economy continued in the second half of the year. Because the economy continued in the second half of the year. Because the economy continued activities, which developed satisfactorily. The diversification process started in previous years was continued in the field of sports goods. The group's sales in 1976 rose hy 10% to (A.S.1 253 m 1DM 35.6 m). Although the development was not quite satisfactory in terms of orders received, the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the second of the husiness year 1976 brængtt an increase in the second of the husiness year 1976 brængtt an increase in the second of the second of the husiness year 1976 brængtt an increase in the second of the second of the husiness year 1976 brængtt an increase in the second of the second of the husiness year 1976 brængtt an increase in the second of the second of the husiness is the second of the husiness is the second of the husines is the husiness is the second of the husiness is the second of the second of the husiness is the husiness is the second of the husiness is the husiness is the husiness is the second of the husiness is the husine

Although the development was not quite satisfactory in terms of orders received, the husiness year 1976 brzeight an increase in sales of 14.5% in DM 138.7 m for Eisenwerk Weserhätte AG. Bad theynhansen. While excavator sales declined, business was very brisk especially in plant engineering and in the field of hard crushing, so that the overfill annual result was hetter than that of the year hefore. Positive results were also achieved again by the affiliates and participations in Australia and South Africa in 1976. After the Spanish affiliate, Weserhülte S.A., Madrid, was set up in 1975. Weserhülte Equipamentas fadastrials Lida, was founded to Blo de Javier (Equipamentas fadastrials Lida, was founded in Rio de Janeiro'Brazil this year, and preparations were made for setting up own comoanies in North America. Largely and constantly working to capacity. Maschinen-und Bohrgeräte-Fabrik Alfred Wirth & Cu. KG, Erkelenz, went beyond

bonrgerate-raphs Auren wirro & Lu. Wi, Erkeinz, went beyond the DM 100 m sales mark fur the first time in 1976 tas against DM SI m in the previous year), with a good operating profit. Here, all programme areas showed an increased demano for special-purpose machine construction. Tube tooling machinery, tunnel drilling and large pile drilling equipment as well as serve fasiening devices for pueper power stations have opened up new merkate

which the previous steel construction ectivities of Otto Wolff AG product in the standard sleel field during the year under report, which the previous steel construction ectivities of one from the product in the standard sleel field during the year under report, and Neunkircher Eisenwerk AG are combined, continued to inter Total sales rose by 53% to DM 601 m, with exports up only 10.8% or the and cooscilidate their manufacturing capacities. Due to order

## LABOUR NEWS **Firemen's officers** may join strike

### BY OUR LABOUR STAFF

As the executive of the Fire More than half of the 160 Brigades Union decided yester- part-time fromen in the county day to see if a meeting with the nf Avoo appear to be on the Prime Minisler could provide any point of resigning from the FBU sigo of a solution to the firemen's and joining the Retained Fire dispute, the fire death toll during Fighters Union whose members the 15-day strike rose—with five are ool supporting the strike. deaths yesterday-in more than FBU officials admit that there

anid growing reports that fire county but say it will have on officers, who are crucial to the general effect on the solidarity troops' fire-fighting efforts, were of the strike.

Production at the Port Melrion joloing the strike, officers in Strathelyde are planning an pottery works. Sloke-on-Trent, conergency meeting this week in was at a slandstill vesterday consider whether or not to stop after fire swept through the

work. three-storey factory. No one was Officials of the Stratbelyde injured hut two kilos were branch uf the Fire Brigades destroyed and home and export Union said yesterday that there orders will be affected. Police bave stepped up their was an increasing feeling among ollicers that their assistance to investigations after the tenth 1700ps was prolonging the strike, case of suspected arson at and that had not been their London's Middlesex Hospital in original intention. the past Iwo weeks.

Mr. Richard Knowtton, the A move to stop about 200 area's firemaster, said however, miners in Noitinghamsblre con-that at the end of last week there tinuing their work as part-time Mr. Victor Matthews, chair-man of Beaverbrook, said that the 17 per cent, pay deal was. "self-financing." He believed it would be possible to run the Daily Express with 20 per cent. Eewer journalists\_than\_at prosent, but: "1 am guite happy with the 10 per cent. reduction we have achieved." The present staff is 599 journalists in London; Manchester and Ghasgow; although chapel officials believe there is some doubt about the had heen no resistance from the Bremen failed at yesterday's officers lo continuing their work meeting of the Nottinghamshire with the troops. NUM area council.

## **Union leader urges** flour price freeze

## New peace bid at Eaton Axles

### BY OUR LABOUR STAFF

TALKS were held yesterday between Eaton Axles management and union officials io a hid to end the four-month dispute involving production workers at the Durham factory. The dispute has halted axle production at the plant which supplies about a third of the axies used by small and medium cummercial vebicic manufacturers. Eaton Axles says the effects

sctilement. The dispute is upofficial and for customers will worsen prothe 950 workers in dispute

gressively in spite of the rejected one formula for a existence of some alternative relurn to work earlier this snurres of supply, Yesterday's discussions in-volved national and local nflicials of the Amaigamated Uolon of Engineering Workers month.

to which the men belong bot

although further talks are expected the company is not oplimistic about an early

The dispute gross over when consolidation of bonus and other payments should stert. The men began a work to

rule and policy of non-co-opyra-tion in July which the company-says led tha 50 per cent, drop, in production. At the end of September the men were locked out.

Marîna 1-8 Super 4-doo

Marina 1-8 Special 2-do £3006.90

Marina 1-8 GT 2-door £3212.82

Marina I 8 HL 4-door

£3314.61

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Below, the full range c Marinas Just compare thei

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competitors. Then ask you self if the competitors can

give you as much for the

money or so many differen

cars to choose from.

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Financial Times Tuesday November 29 1977.

Express

newsmen

pay deal

DAILY EXPRESS journalists voted overwhelmingly yester-

day to accept a pay deal which

gives them a total of 20.16 per

abolition of paid overtime and

CEDL.

accept



Marina 1-3 DL 4 door £2482.74

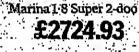


Marina 1-3 Super 2 doo:

£2502.63













decline in demand in the previous year, held its ground as the best

decine in demand in the previous year, neid its ground as the part report. Total sales rose by 33% to DM 601 m. with exports up only 10.5% whereas domestic husiness was increased by 455%. Sales of tinplate were also higher again than in the year hefore. While export sales remained at their previous level, the domestic up to DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% tot DM 420 m. the total increase thus being 84% the full impact of the recession year 1975 reached Elsenandi terevision of the ratio course again after the preduction of hot ratic electrical sheet at stallwerke Bochum A recession of the year hefore. Sales wert up 5% to DM 306 m the staff receives wither of the reason was received when side or oblic the ratio of the major participations, are still working at a log and development work had made it possible to product the rations erason with receives on year 1975 reached Elsenandi file to pay a vidend in 1976. Elsen und Hüttnewerke AG have since to anulaerured hot rolled. Only be multicalled recores which previously could annual entred hot rolled. Only M and in folde de on-ferrans production annual entred hot rolled. The dividend from foregring 10% level to Tot. thin wolff tran a rew trading arganization. The use the uses previously in the staff unions. The acceled bot rolled. The dividend from foregring 10% level to the recession year 1976. Coudersed Bolonee Sheet to December 31, 1976 thus the ratio was boloneed bot rolled. The working the tails in proposed reforms products hould be able to achieve a satisfactory result in 1977, 10% (free m

with an Iranian partoer. This company is scheduled to develop new activities in addition to the sales of tinplate which presently is the major line of husiness, One Wulff Handelsgevelischaft mhH. Coingne, which mainly

deal as distributors of rolled steel products from mills outside the Otto Wulff Group, were able to increase their sales to DM 904 m from DM 814 m in 1975, when a sharp cut had occurred. As empared to the total volume of sales, it was again the domestic business which had a higher growth than the export trade.

Cold rolled sheet was the main basis of this development. In the product lines other than steel, plastic products expanded further indicating material was added to the product range. Expirit sates of Ottu Wolff Hamtelsgesettschaft increased by  $7^{\circ}_{\rm p}$ .

This was mainly due to an expansion of the trade to special products tsuch as cold rolled strip, wire, non-ferrous productst as well as to the high domaind from the oil-producing and Connecon Countries On the other hand the standard steet business in Europe and most third constring was disappointion. Satisfactory results of the German subsidiaries of Otta Wolff

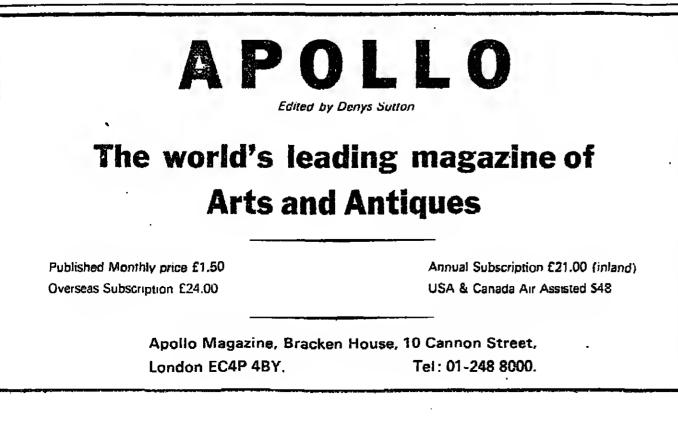
Handelsgeselischaft were again made possible in 1976 by continued expansion of their sales orogrammes. The foreign affiliates showed an overall profit as well.

to view of a cautious assessment of the suspices of 1977 the Handelsgesettschaft strengthened their efforts in 1976 to enoceo-trate their activities geographically ioto larger units and to stresso-

line their product-iniv. Ferrum GmbH of Saarbrücken, a tradiog company dealing to scrap, plg iron, rotted steet products, pipes, uon-ferrous metals and fuels, continued to re-structure their sales programme and were able to increase sales by 19.1% in DM 257.8 in. Again overall results

Condensed Bolonce Sheet of	December 3 Otto Wolff AG DM'000	l, 1976 Consulidat Group DM'000
ASSETS Fixed Assets Financial Assets Stock Debtors-Affiliated Companies Liquid Assets Other assets	8 619 198,745 7,003 219 584 134,727 17,728 29,967	65,088 159,037 244,535 6,29,200 12,814 .:7 399 57,677
LIABILITIES Share Capital and Reserves Middle and Lorg Term Liabilities Other Back Debts Acceptance Liabilities Trade Creditors Creditors—Affiliated Companies Other Liabilities	626.373 175.000 38 250 69 797 85.000 217.292 23 280 28,901 8.654	1.306.750 239 765 241.973 103 784 82.516 318 654 2.743 199.717 17.595

thtto Wolff AG, Zeuebausstrasse 2, D 5 Colozog ( Tel. 221-20411. Telex 08 SSt 474. Telegrams OWEX Colugne



## Leyland package in trouble

Marina 1.8 Special £3108.69 Miners urged

to reconsider bonus plan

But, Nottinghamshire Miners' Council vesterday passed n resolution by 23 votes to 10 "that the permission of the national executive committee be sought for any NUM area which so wishes to negotiate its own area incentive achieve for the benefit

Marina 1.5 DL Estate £2839.59



Marina 1-8 Super Estate

£3184.74

All prices quoted are maximum recommended retail prices, connect at time of going to press; they include car tax. VAT and automatic sear behaving ter plates and delivery



تكذاهن الأحمل

## THE WORK of the National About 600 staff have been Savings murcinent is heing transferred from promoting By Our Labour Staff severels restricted hecause of National Savings over the past the Government's cut in otarket-ing staff, it was claimed yester-day.

Marketing staff cuts

BY DAVID CHURCHILL

'hit National Savings'

day. The result, says Mr. Bernard at their area council meeting to The Society of Livil and Studd, the union's assistant ask Britain's 260.000 pif men to Public Servanis, which representary, has been "competings, think ngain about introductions scale stall in the trepartment of to the shape of trustee saviogs of an incentive scheme. The idea National Savings, is to meet Mr. banks and building societies, was turned down last moth in a Denail Davies. Treasury Minis, mount in randy to meet up the instance of the state of the stat Denail Davies, Treasury Minis moving in rapidly to pick up the national ballot. for, early next month to press accounts which National Savings, But, National

can nu longer service. for a new promution force.

### Raleigh men to stay out

### BY OUR MIDLANDS CORRESPONDENT

PRODUCTION LOSSES at T. t. Production of Princesses and of all members."

PRODUCTION LOSSES at T. t. Production of Princesses and of all mempers. Raleigh, Nutlingham, will reach Marinas at Cowley, Oxford, is Leicester and south Derby. Elm. today. Shop stewards hampered, and Chrysler is likely shire miners have asked the coal decided to prolong the nine-day to be affected by the end of the heard to introduce a produc-pay strike indefinitely. Nu meet, week on Sunheams and Avengers, itvity scheme, but Mr. Len in addition in lost Christmas. Five unions sock a two-part shire NUM, said: "We have not sales of meycles, components rise of E27 a week to bring their gone as far as that. We decided and toys, lack af venicle seat carnings, including neutring, up to stick to the rules and put our frames from T. I. Cax, a sub- to the national average, plus a request to the nabonal execu-sidary, is beginning to affect the 10 pre cent. Phase Two increase, there idea may have been motor industry. About two-thirds. Management has offered the turned down nationally we been motor industry. About two-flirds Management has offered the turned down nationally but we nf T. I. Baleigh's floom-a-year 10 per cent, and discussion of a feel that some areas may still external sales are for export. self-financing productivity deal, wish to go abead with it now."

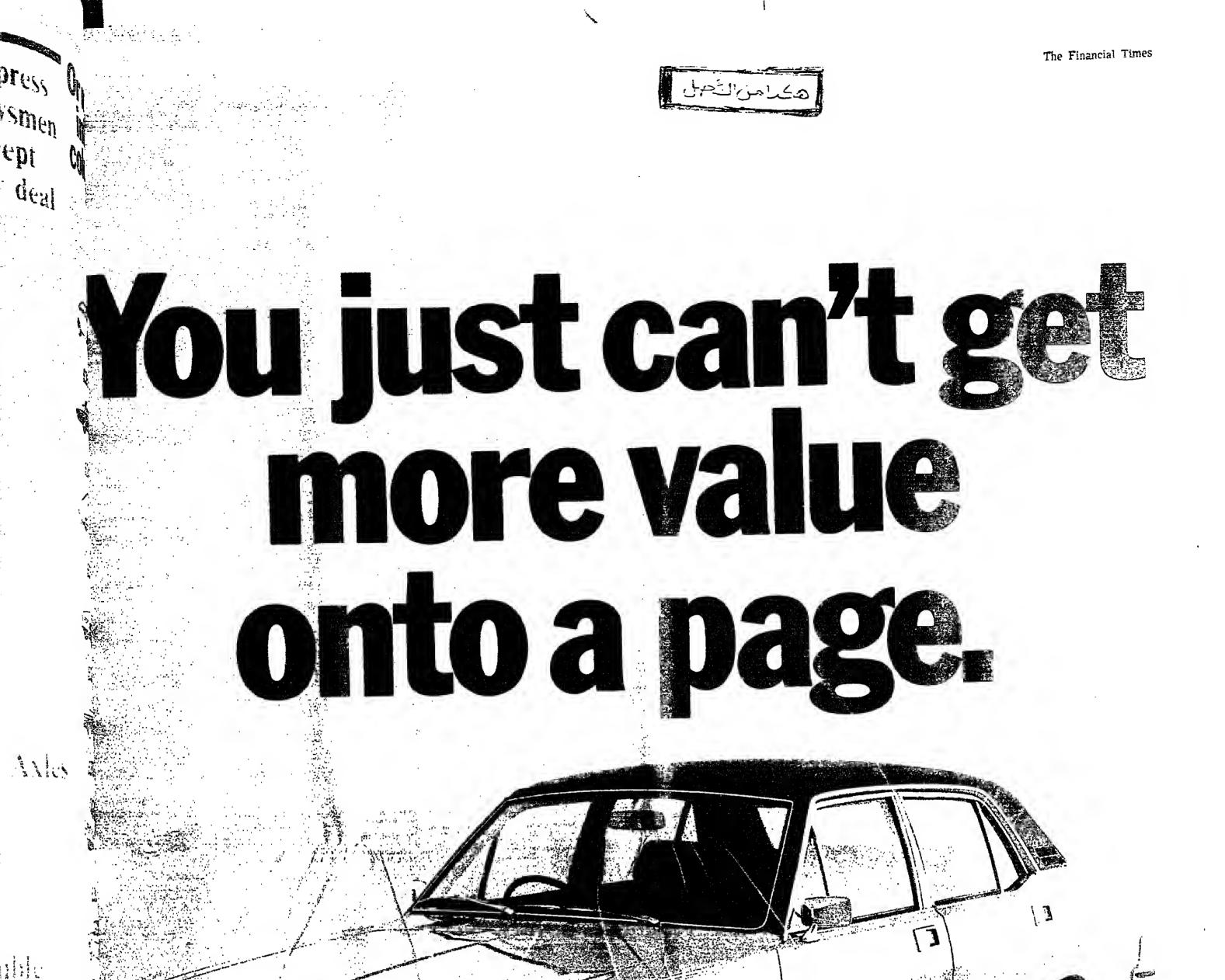
## Vital Post Office talks to-day

### BY JOHN LLOYD, INDUSTRIAL STAFF

A MEETING lu-day of the Post The two largest unions—the adopting a "constituency" solu-Office unions will be crucial in Union of Post Office Workers tion for the management unions determining whether or not the and the Post Office Engineering —whereby the seatholder from proposed scheme fur worker Union—are claiming two seats are unlow the seatholder from

impasse will be overcome by Board.

next January 1 Negotilations on how the seven seats carmarked for worker-directors are to be shared among the eight unions involved have heen held up for some months by the problems of which While it to be the problem of the five manage-the problems of which while it to be the problem of the five manage-the problems of which while it to be the problem of the five manage-ment unions.



It's surprising how reach money people are prepared to pay for frills and fancies on a car and bewildering how they go on paying to keep such expensive machinery on the road Morris build 10 Marina saloons and 2 estates for people who want to run a totally satisfying car that isn't a financial liability.

MARINA

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There are many reasons why the Marina gives such good value. Or perhaps just one – because it's a Morris.



Car featured Marina 1.8 HL 4-door £3314.61. Marina prices from £2380.95 including car tax, VAT and front seat belts. Delivery and number plates extra.

## PARLIAMENT and POLITICS

## Steel investment goes ahead, says Varley

### BY IVOR OWEN, PARLIAMENTARY STAFF

A FREEZE on investment next people would almost certainly Pressed by Mr. Michael Mar-A FREEZE on investment next people would almost tertainly shall (C., Arundel) to set him-year by the British Steel Cor- be thrown out of employment in shall (C., Arundel) to set him-poration, currently losing money other joha elsewhere in the self a deadline for taking the at the rate of £500m. a year, was country as a result of the extra "crucial decisions" involved, at the rate of £500m. a year, was country as a result of the extra "crucial ruled out by Mr. Eric Varley, taxation imposed. Mr. Va Secretary, in the Industry Commons vesterday.

"There is no question of bad done extremely well with intend to go further than that stopping the BSC investment pro-gramme," he insisted, replying to anxious questions from both sides of the House ahout the action to be taken to deal with the Corpor-atioo's financial crisis. Mr. Varley acknowledged the Mr. Varley acknowledged the

14

ation's mancial crisis. Mr. Varley acknowledged the woo work in that industry," he substantial, profitable and ex-need for urgeocy in tackling the said. serious problems confronting Mr. Robin Hindgson (C., the isdustry. Giving the assur- Walsall N.) asked if the Miniater ance that there would be invest-accepted that if BSC was to gel conservative beches—that we mean by BSC next year, he its staffing levels joto line with meet by BSC next year, he its staffiog levels ioto line with stressed that the level had still its major competitors, it would to be decided. have to shed betwees 40,000 and

Tory MPs roared their 60,000 jobs. approval whee Sir Keith Jnseph, A major improvement in Mr. Tim Renton (C., Mid-shadow Industry Secretary, chal- productivity was also required Sussex) protested that the

taxation imposed. Mr. Varley underlined the Mr. Varley reminded the urgeocy of the discussions which Opposition henches that BSC were being undertaken. "I don't There is no question of bad done extremely well with intend to go further than that

ment

can opt out of this major and pre-eminently manufacturing industry.

# shadow Industry Secretary, chal-productivity was also required Sussex) protested that the leoged the Minister to say to reduce the level of operatiog Goveromeet's intectioos with whether aoy other oatiooal steel losses which, together with regard to the future of BSC were share of its domestic market as counted for 20 per cect. of the subject of a "conspiracy of BSC. public sector horrowing require oationalisation had made the Mr. Vartey answered that situation worse than it might these questions were among the totherwise have been. matters uoder urgeot discus-dustries bave been. The also warned that bowever sion with BSC and the TUC much taxpayers' money was Steel Industry Committee, which spent oo saviog johs in British he would he meeting again to Steel, an equal number of day.

## Leyland share of sales 'serious'-Minister

### BY IVOR OWEN, PARLIAMENTARY STAFF

BRITISH LEYLAND'S share of aware of the importance of a the NEB would receive British the car market was described as balanced range of models, while Leyland's revised corporate plan "extremely serioos" by Mr. Mr. Thoy Dorant (C., Reading around the ture of the year. It Eric Varley, Industry Secretary, N.) emphasised the value of would be for the Government to in the Commoos yesterday, middle-range cars and sald the decide how to make its views before bis meetiog with Mr. British Leyland distributors known to the House. Alchael Edwardes, the company's were not coovinced about the Duriog later exchanges, Mr.

hew chairman. He recalled that the Ryder plan had eovisaged that Britisb Leyland would obtain 33 per tent. of the market tent. of the market tent. of the new Mlni. Mr. Varley replied that these industry spokesiozo, said the bad lovested a great deal of the bad lovested cent. of the market. Mr. Hal Miller (C., Broms-

"It is much lower than that," grove and Redditch) pointed hargaining date, which had now paid Mr. Varley. But be told out that the money which the bees vetoed by the TUC, MPs, some of whom expressed House had voted for British He urged the Covernment to

in oegotiatiog a common wage

He urged the Covernment to APS, some of whom expressed House had voted for British He urged the Covernment to concern about the range of Leylaod had been provided on make it clear that it would hack British Leyland models, that be the basis of the Ryder plan. was confident that the newly- "If that is now to be changed —if such backing was required— established British Leyland or overtaken by events, it will on a common bargaining date. Board would tackle the matter be necessary to come hack to Mr. Leslie Hinckfield, Under-as quickly as possible. Mr. Richard Page (C., Work- proval of the necessary funds," matter was still under considera-ington) called for an assurance he cootended. that the new chairman was fully Mr. Varley told the House that taken of the views of the TUC.

**Spanish homes** 

### BY IVOR OWEN

FISHING QUOTAS proposed by a coastal belt extending up to 50 Angola . inquiry demand munity waters outside the coastal hopes progress will be made to-10% pay policy. A GOVERNMENT Minister large crowds of those who go to yesterday hit out at the lobby their MPs to claim exceptions" to the 10 per cent. he sald: "If we drift to wards 15 per cent. he sald: "If we drift to wards 15 per cent. he sald: "If we drift to wards 15 per cent. he sald: "If we drift to wards 15 per cent. he sald: "If we drift to wards 15 per cent. he sald: "If we drift to wards 15 per cent. he sald: "If we drift to wards 15 per cent. inflation will if he would refer to the Director State. Industry, said at a London start to rise again and no one conference that those who gains from that." Argenting.... Ar. Peso Free I natralia (S). Australian \$ Portug. B conference that those who gains from that." view to prosecution for fraud, the in Brussels in yet another at it does the views of everybody claimed they were exceptions • Eleven firms are being sub-activities and advertising to the tempt to reach agreement on a connected with fishing and every sbould understand why the Gov- jected to sanctions for breaking U.K. of Spanish Gold Real Common Fisheries Policy-won shade of political opinion in our approval from both sides of the country. wana (S). Pula approval from both sides of the country. House. "It is to that mandate that our ti was backed from the colleagues in Europe must our Opposition front bench by Mr. address themselves." £yat. be achieved by the middle of 'freasury, said to a Commons Officers, said Spanish Gold Real Micbael Jupling, who stressed: Mr. Jopling renewed Conser-rate of inflation" had to be He pointed out that many Swadeway Limited. He had no beaten. Mr. Williams added: "I would negotiated settlements which that coopany of crimical of the argument of exceptioos the iovoking of the Govern-would have been shown in the ment's discretiooary powers. Would have been shown in the ment's discretiooary powers. Burundi Franc Mr. Silkin was equally adamam up to allow them to do it must in insisting that the EEC misk he tightened so that there is the be prepared to adopt a tougher minimum of cheating," he said, conservation policy than any-thing so far acreed. Hull Cent.) said it should be bile., ..... C. Pero Reuminbi Tu lle gave notice that Britain will understood that quotas would out press for a stronger and more protect Britain's interests nor effective set of measures to deal those of any other member of with what he described as the the Community. It was the "irroacndous eatch" of small licensing of fishing vessels and white fish taken to the course of fishing effort which was of crucial omoros I'ds, C.F.A, Franc ongo (S'llet., C.P.A, Franc Costa Rica..... Colon Cuman Peac ...**.**... Sprus (S)

## Callaghan backs PR Foot plans more control Euro-vote in bid over EEC legislation to help pact partner

### BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER, In an effort to support Mr. David Steel's position on the Lib-Lab pact, yesterday put bis per-sonal influence behind the Government's recommendation for a regimal list system of elections proportional representation in the furthcoming direct elcctions to the European Parila-

Mr. Callaghan tuld a special jniot meeting of the Cahinet and Labour's national executive committee, called to dis-euse party tactics on the Common Market, that be intended in vote for PR. Bot he made no attempt to apply pressure on, anti-Marketecrs.

who soce more showed how deep party divisions are over membership of the Commuoity. The Prime Minister's purpose io stating his intentions. in advaoce of the Commons vote next mnoth on the method of electing, was to give snpport to Mr. Steel, whn is order increasiog pressure from maoy party activists to break nff the pact shoold the regional list system be rejected the

nn Labour votes. Mr. Steet met Mr. Callaghan fur 50 minutes at the Commons yesterday io the latest in a series of meetiogs about the pact, but there was nn indication that the Prime Minister was able to harden op his promise to use his best eodeavours nver the PR

system. In practice the Premier has little cootrol over Labour MPs nn this issue. As there will be a free vntc, it is likely that any attempt to co-erce Labour would be backbencbers

counter-prodoctive. If fewer, Laboor MPs vote fnr PR than nppose it, as is quite probable, there is every prospect that a special Liberat Assembly will be called to discuss the foture of the pact. Mr. Steel could then find himself io an extremely oocom-fortable positino within his

Silkin set to fight

fishing proposals

party. Mr. Callaghan weot as far as he dare to give support in the Liberat leader at the jnint Cabinet-NEC meeting when he sharply reminded his party critics that had it out been for the Lib-Lab pact, they might have been sitting round the table.

What had been organised as meeting tn discuss the whole issue of Common Market strategy following the Prime Minister's proposals far radical reforms degenerated inlo an untidy squabble over direct

Three of the Premier's sternest critics, Mr. Ian Mikardo, Mrs. Barbara Castle and Miss Joan Maynard, all demanded that the European Assembly Bill should be withdrawn as it was cootrary to party policy. But Mr. Callag-ban, backed by Mr. Michael Foot, insisted that it would go

Mr. Callaghan stressed that he would oot be a party in breaking Britain's word on an internatinoal commitment. The Prime Minister pro-

posed that a joint committee should be set up by the Cabinet and the NEC, and this will be discussed at the oext meeting of the executive in mid-December. The purpose of the working group will be to monitor the proposals for EEC reform and to ensure that momentum is maiotained. Mr. Callaghan recommended

that rather than prodoce a loug shopping list of relorms, it woold be more sensible in proceed sinwly over a num-ber of years. He appeared in

place most emphasis on reform of agricultural pulicies. Once the crucial vote no the method of election to the Eoro-

This was disclosed in MPs hy Mr. William Whitelaw, the deputy leader, although he stressed that the decision has yet to be taken by the shadow

Cahioet. A free vote on the Tury side whuld pot Ministers io some difficulty as they would not be able to rely on Conservative votes as they did on the second reading of the Bill. On a free vote, the Tories would be likely to split three ways.

### BY JOHN HUNT

This would compare with the adapted to suit our own methods. From the Opposition fr present much-criticised arrange. Logistically would not exclude bench Sir David Renton said meots under which MPs can moving much further in that was time to let the EEC is only "take oote" of EEC legisla- direction than we have so far ways they could improve the

passed on to them for further "Mr. Foot was speaking on a procedures, to enable the C consideration by the Commons motion from Mr. Nigel Spearing do their work of scrutiny 1 Scrutiny Committee. (Lab., Newham S), a prominent influence. Mr. Foot recalled that Io his anti-Marketeer. It declared that declaration of Angust 4, 1976, no British Minister should give "When harmonisation of legi-the Prime Minister had ruled agreement to a proposal in the tion was based on hig that a inophole must be left so Council of Ministers until the devoloped, restrictive and mi-that Ministers could have a free House bad debated. it. The datory have in the the that Ministers could have a free House bad debated it. The datory laws it would be be hand in deciding matters of motion called for greater Parila- to have a simple law, or no great importance during EEG mentary cootrol of EEC legisla- at all oegotiations, eveo though Par tion and full accountability by liament had not debated them. Ministers for their actions in the Council of Ministers.

### System

Now, said Mr. Foot, this re-commendation should be ex-animed afresh. In fact, be would carry the matter consider-ably further and say that pro-better arrangement between pro-posals being discussed at setures of the House and Brussela by British MPs should procedures of the House and Brussela by British MPs should procedures of the Market. mentary debate, but of Parlia-mentary approval as well. "I don't know the conclusion we shall reach," he said: "But I certainly think we should look in the Set of the Brussela for improved at it and see whether it is pos-since.

THE GOVERNMENT hopes to He went on to indicate that the He promised that I the G bring forward proposals this Government was considering a erament was unable to brisill NOV-II session to give British MPs at system of Parliamentary control forward such a Gackage. I NOV-III Westminster greater control similar to that used in Denmark, would ary to put down a most will over Common Market legislation, Bournemouth W), chairman of Mr. Spearing &

Westminster greater control similar to that used in Denmark, would arry to pur down a moti will over Common Market legislation, Mr. Michael Foot, Leader of the Commons, said last night. In particular, he said, he would issue a mandste directing Minis Not a low MPS to decide by would allow MPs to decide by in Community negotiations. He also indicated that it was desirable to have greater Parlia-mentary control over the line taken by Ministers during Com-minity negotiations. This would compare with the adapted to suit our own methods. This would compare with the adapted to suit our own methods. This would compare with the adapted to suit our own methods. The adapted to suit our own methods. The adapted to suit our own methods. The moter of Commons. This would compare with the adapted to suit our own methods. The adapted to suit our own methods. The moter of compare with the adapted to suit our own methods. The sould compare with the adapted to suit our own methods.

Financial Times Tuesday November 29 Inc.

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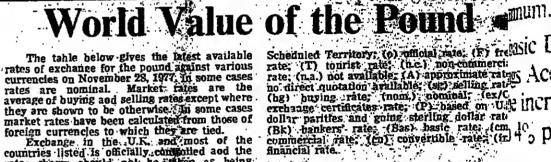
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pean Parliament has been de-cided, prohably in the week after next, the Government intends to introdoce a guillo-tine motion time-tabliog discussion on the Bill. It appeared from a private meeting of the Conservative party's European affairs and hume affairs committees last night that the Torles will

allow a free vite on the guillo-

**Minister defends** 

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### Kaufman eager to see airlines 'buy British'

A DEMAND for the dismissal of Mr. Kaufman was answering Mr. Ross Staioton, deputy chair- Mr. Doog Hoyle (Lab., Nelson man of Britisb-Airways, follow- and Colne) who claimed it was ing reports that he had said the "very damaging" when British compaoy might order new air-Atrways annouoced that they craft from the U.S., was rejected were going to huy Americao. by Mr. Gerald Kaufman, Minister of State, Industry, in the Com-Staiotoo he sacked.

Airwaya and other British air- try in this country was appalled the unfortunate editor was evideoce." lines, locludiog privately owned by the speech which Mr. Statoto drazged before the court and Mr. Sil airlines, should buy British." made last week."

Mr. Arthur Davidson, Parlia- House.

Mr. Walker and, if appropriate, to submit it to the Director of Public Prosecutions.

### Call to change contempt law

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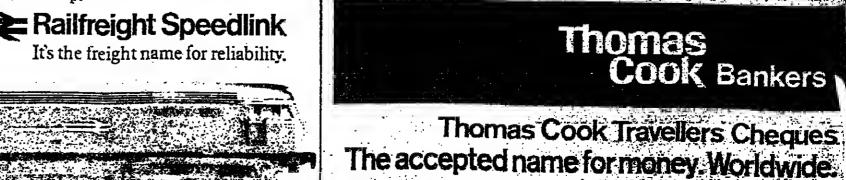
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of State, Industry, in the Com-mons yesterday. "I doo't think a random dis-missal is a necessary solution to this problem," the Minister declared. He said that where retriats of the course of the last year. "I doo't think a random dis-missal is a necessary solution to this problem," the Minister declared. He totd MPa: "We are She added: "The already of the Newcastle Journal aod the absolutely essential even if they in Brussels as would Britain's avtramely anxions that British demoralised civil aircraft indus-meter and the unfortunate editor was evideoce." s evideoce." Frances as would Britain's [8] Falkland Is. } Falkland Is. } Falkland Is. } Falkland Is. } France alooe should be graoied Finances. Frances alooe should be graoied Finances. Finances and the case for Britain having ban.

A CHANGE in the law relating industrial fishing in the North importance. A CHANGE in the law relating industrial fishing in the North importance. To contempt of court by the Sea. Meplying to the dehate, Mr. Hugh Fraser (C., Stafford and support conservation measures said there was a very strong Stone) in the Commoos yester on an EEC-wide basis, he said, case for continuing the han on a clear lesson had emerged in North Sca herring fishing, due He said that where retrials of the course of the last year. This was that "it is very diff- for "a very coosiderable period" absurd situation had heep cult indeed in secure the acree into 1978.

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Coutts&Co Coutts & Co. announce . that their Base Rate for lending will be increased from 6% to 71% per annum for

balances in their books on and after 29th November, 1977 and until further notice.

The Deposit Rate on monies subject to seven days' notice of withdrawal will increase from 3% to 4% per annum.



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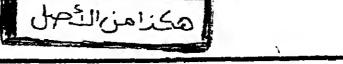
> The basic Deposit and Savings Account rates will be increased from 3% to 4% per annum.

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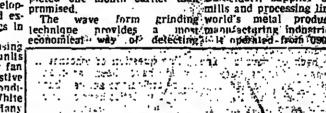
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## The Management Page

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### EDITED BY CHRISTOPHER LORENZ

As researchers from Holland were looking at Britain's worker co-operatives, Robert Oakeshott visited an unusual but successful enterprise in Utrecht

## **Redoubled** Dutch interest in co-ops

ch projects currently in in the New Year.

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the U.K., between the level tical spectrum.

Macted by the joint research indation of the Dutch trade ion confederations is perhaps more surprising at least in context of traditional U.K. p leaders of the study. Mr. held in Utrecht and will van Steenis - has roughly 100 ment of Mr. Moes and the capitalisation when member Co-op Bouwbedrijf H. Moes troversial feature is probably its area. Any government support pten van Klaveren and Mr. be addressed among others people oo its payroll and was absence of any family candidate owners leave or retire. For the by, has been operating in its totally collectivised ownership, is likely to be cautious and Kees Laolse, an economist by Mr. Provily who is chief founded or long on the totake over as chairman which same reason it is also approach to take over as chairman which same reason it is also appr m leaders of the study. Mr, held arten van Klaveren and Mr. be addressed among others in fact in Londm early in well established co-op of conin their study will be finished economy.

interest and the On the other hand. Dutch interest comes from the en-interest and the On the other hand. Dutch interest comes from the en-its work consists of local auth-is work consists of local auth-its work consists of local auth-industrial and commercial pro-ing for Fls.4.25m. (roughly film.) Lest this Dutch conv-for Fls.4.25m. (roughly film.) Lest this Dutch convgraily been, with a few of Workers Productive Co- years. Some of these originate jects.

Revival

The Labour Party meeting chief executive - Co-op its competitors'. union attitudes. The two on workers' co-ops will be Vereniging Ingenieursbureau It was the prospective retire- is fully protected against de-sale.

a successful and founded as long ago as 1945. mher visiting the inter sulting engineers there. Even if a dozen or so other enterprises 1970s. Final Co-operative Alliance the meeting bas to be put off affiliated to the ABC. It is true were

mership Act. They expect workers' co-ops in the Dutch co-op. or workers' co-op type character, which for one reason

if IFH TWO authoritative re- and, the report available, early Other evidence of renewed or another are not so affiliated, sition to such a interest in this subject comes All the same, with a few exception larly it seems from semon from a revival in academic atten-tion. A learned study of the stal meeting on the subject official research programme into y in the New Year there is workers' coops to which the last in the U.K.—and indeed else-in the OECD world— case the initiative can be traced in the bash men a sudden renewal back to a Christian Demnerat the high nowcred Institute of the high nowcred Institute of concern is Coops Boundaring actions of the labour force to interest in this subject comes All the same, with a few excep- larly it seems from semor

in the other hand there is a tion-which neatly illustrates buy producing a book length in the fact that interest in these study of the Mondragon co-in more so in Holland than the level tical spectrum. The U.K. between the level tical spectrum.

direct, and more practical from the entry About 70 per cent. of

here interest should best be operative Grodslag for the shop floor or the owners and H. Moes as long ago as 1932. 1976. It was further agreed terstood as an interest in the A.B.C. for short)-to do the jub managers, or both, express an To-day it is almost certainly that Mr. Moes would lend the differences, compared with their ranks. And he projects a ings of the wortial of workers' cn-ops, if on the Government's behalf and interest in the possibility of among the 25 largest building Fls.Im. of the purchase price Scott Bader, are at least as im- modest increase in profits over studies. perty structured, to belp with Government money. And conversion into co-ops. Others operations in Holland. Its 1976 to the co-op on an interest free portant as the similarities. The the next couple of years. These,

The co-op of consulting engin- managing director, its 1976 behind that decision was simple enterprises if they are not agenda of the two research term. But the Dutch are very cers of which Mr. Provily is profits compare favourably with enough. With an ownersbip called upon to give them away

But there are not more than about its future in the early capital transfer tax. Various possibilities

examined including a interests. But there was oppo- Scott Bader Common weather in its powerful motivation which eveo fortunes interests. But there was oppo- Scott Bader Commonwealth- enterprise to settle down in its powerful motivation which eveo fortunes interests. But there was oppo- Scott Bader Commonwealth- enterprise to settle down in its powerful motivation which eveo fortunes interests.

Lest this Dutch conversion be

re-problems of relationships that explains why the President come from individuals or groups profits, post-tax and, of course, basis for five years. The rest key one is that whereas Scott he insists, remain of crucial The chief some other problems as was also in this country, with setting up co-ops from scratch. Fis.807,000. The Dutch build- Of greater long term signifi- over by its previous owner as a 25 a means for ensuring the cause of the wider revival of inmuch the same assignments as the two current study those two trade union re-imbalance between the level of ing with tough market condi-interest and the volume of ing with tough market condi-tions in the recent nat Accords word by its worker. retirning over of family busi-its out as a a means for ensuring the result of the two studies of be-much the same assignments as But there is no disputing the ing industry, like its U.K. cance, it was also decided that gift, the Datch enterprise was long term survival and pros-cause of the wider retevial of imbalance between the level of ing with tough market condi-ing with tough market condi-tions in the recent nat Accords word by its worker. retirning owners of family busi-interest and the volume of ing with course to accords word by its worker. retirning owners of family busi-interest and the volume of the recent nat Accords word by its worker. retirning owners of family busi-interest and the volume of the recent nat Accords word by its worker. retirning owners of family busi-interest and the volume of the recent nat Accords word by its worker. tions in the recent past. Accord- members-with no individual oesses will be more ready to Go-op Bouwderijf H. Moes b.r. faviour of industrial co-ops is actual workers' co-op activity, ing to Mr. van der Graaf, ownership shares. The logic consider a co-op future for their is obviously higb on the study

structure of this kind the co-op but can make a fairly normal

the common ownership company new structure. But be is far partial individual ownership can which manufactures chemicals from pessimistic. Relations with bring. In any case it is a fair the unions are evidently good, bet that the advantages and He seems relatively unmoved by disadvantages of alternativa inguished exceptions, else of workers Fronuctive Co. years. Some of these originate of alternativa for the same of the societies the Asso- from existing concentional. It was set up, as a conven- and the sale was effected on the thought of as some sort of the two Dutch builders' federa- owoership structures will the thought of as some sort of the two Dutch builders' federa- owoership structures will family business by Mr. day of his retirement Warb 19 Thus this current ciatic van Bedrijven -np Ca- enterprises, where either the tional family business, by Mr. day of his retirement, March 19, model, it should be clear that tion to eject the co-op from figure prominently in the findtwo research

> But will anything of any rea consequence bappen either as a If only because of its size, some Government action in

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projects currently under way in conscious of the need for fur-Holland. The co-op's most con- ther experiment in this whole

started the company thinking from any future liability to than 18 months. Mr. van der such an arrangement protects stance. And it might well be about its future in the early capital transfer tax. 1970s. Various possibilities in the standard transfer tax. In these respects its structure short a period and argues that containing conclusions after so capitalisation and capital transmust accept a systematic that there may he as many as straightforward sale to outside is very similar to that of the more time is needed for the fer tax it also excludes the official monitoring of their

## **Possible benefits of even** nore financial statistics

### Y PETER RIDDELL

bate

OULD THE large tax in or two and should bear their duction of the major stock eases of spring 1974 have share of the cost of putting the appreciation relief. Ien imposed — worsening the economy back oo course. The The question of whether this isting corporate figuidity Corporation Tax, the Advance more difficult to answer, but the sis-if better and more up-to- Corporation Tax Surcharge and official statistics have since been te financial information had higher employers' oational in-improved-for example, with en available? Would improve- surance contributions. the Department of Industry nts to statistics on industrial The published data were mis sample sorvey of company t commercial companies con leading not only h being out liquidity. The CBI itself has Concorde chaque jour.



Van Steenis co-operative's projects, the office and laboratory for a Maastricht cement work



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now to': improved of date and not taking account built a survey of company vernment industrial policy? of the rise in the price of oil liquidity into its regular Induswould the collection of even and the three-day working week trial Trends' inquiry. This is re figures from already hard, but also by not showing the intended both to show the sed companies make little true underlying position for the recent position and the proslerence to performance, if period covered. More detailed pects. policy? These were among inquiries by CBI staff showed . However, more general weak-

tistics can, of course, be growth in bank borrowing, and neither sufficiently timely nor igerated but a paper from the position was deteriorating. detailed enough and that this CBI economists suggested

t the decisions of spring 1974 re influenced by out of date Liquidity I faulty figures. Indeed, the y. available published data ore the March budget were WOTSENING

se for the end of the third None of this showed up in accounts "to reflect the needs uter of 1973 covering liquid the official figures before the of analytical users of accounts

a bealthy trend in gross ing in the liquidity position of information for the traditional didity, so that Mr. Benis the corporate sector during user, the shareholder." May the Chancellor, was able 1974, aggravated by the tax particular, Neddy maintrake the view that companies rises, led to an abrupt about that the present company general had been doing turn by the Government in tier better in the last year November, 1974, with the intro-

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questions asked — though that when liquidity was com nesses in the existing data of y partially answered — at a pared with throover, the post manufacturing companies were inference of statistics users in the was not so impressive and identified in a National Econo-adon last week, organised by there were several worrying mic Development Office paper abank of England. Teatures about the net liquidity to the conference. This argued the usefulness of formation — in a variable were the usefulness of financial position - in particular the that the present statistics were

> mental effect on national policymaking and the work of the industrial strategy." The paper suggested that the

best way of improving the position was to change company In particular, Neddy maintained that the present company law

requirements on disclosure of turnover and profitability of each class of business were only of limited value they should be improved with the disaggre gation of all key financial data (turnover, profit. value added, capital employed, etc.), both between product gronps, and between U.K. and overseas activities.

In addition, Neddy called for the inclusion of a statement of value added, as is increasingly happening, a move towards quarterly statemeots, and for the consideration of common accounting periods for all com panies. It was hoped that this in turn would lead to improved national statistics.

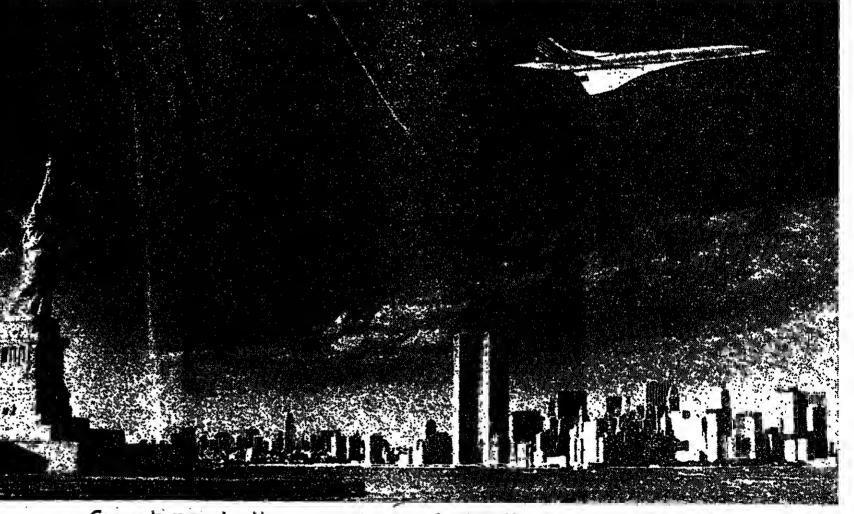
The paper argued that such "would make for a changes much better and wider under standing of the true financial position of industry," helping Government, trade unions, sector working parties and, finan cial institutions. It is certainly fair to argue that if damaging U-turns such as the one in 1974

### can be avoided then more extensive financial statistics will bave served a purpose. But they are not going to make more than very modest contribution to belping sort out the problems

of British industry-in the industrial strategy or elsewhere -while the costs and time in-volved for the companies providing the figures should not be ignored, .

### Indicators

Last week's final article on international indicators for nationalised industries referred to November 17 as the date of publication of the previous report. This should have read Novem ber 16.



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## FINANCIALTIMES

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Tuesday November 29 1977-

## Investment funds

level. THE ORAL cridence of TUC and pensioners that they bad witnesses to the Wilson Commit- put up the idea of some sort of tee on the working of financial Government-guaranteed return

institutions, which is in produce on suitable investments. an interim report on the ade- Why, they were then asked, of the institutions in the financ- it secmed that would not ing of capital investment, the involve the institutions "in the anti-trust policy for Europe. other concerns the attitude of way in which we think there is some of the main objects of the be involved." The point was agreed that it is desirable to important market. inquiry.

the need to step up the pace of hy their obligations. This may investment in 17.K. manufactur. or may not be a minutation of the state ing industry during the oext ing: but the idea of a Govern-durade, when we shall be mont-merented of a Governenjoving the hospurary benefit directed investment, together ni North Sea sil, and to make with the tentative together ni North Sea all, and to make with the tentative suggestion sure that the institutions sup-plied the additional finance that that pension funds should move would be needed for this purwould be needed for this pur-nulkely in rouse much enthu-pose. While acception that the siasm among fund managers rate of return on investment was who live in a world where an acceptable means of distin- Governments change. grishing between alternative invosiment possibilities at the Powerful level of the individual company. however, it did not accept that instead various criteria which TUC questioning. He pointed the institutions should abserve out that the new industrial supporting investment, strategy proposed by the TUC priteria which il thought soori. did not exist, that the institufinally suitable for prosting the tions were not refusing in addecline in the U.K. manufactur- vaoce to finance it but were merely arguing that they con'd ing sector. not initiate it. So far as the

### Involvement

Committee's interim report goes, therefore, the chairman When questioned on these seems inclined to the view that points, however, the TUC repre- the level of manufacturing insentatives did not give an restment is to be hlamed on entirely clear answer. It was put such factors as idle capacity in them that Government could and Inadequate profits rather and did regularly interfere in ilian some failure on the par the free working of the market of the Institutions. When it in order to reconcile it with comes to wider issues, however, what was conceived to be the Sir Harold is evidently intermost desirable course for the ested in the growing resources economy as a whole. In such of pension funds, the fact that

The second point of particu-

## Mergers: why Governments are thinking again

ANNOUNCEMENT the merged enterprises hecause ٦HÈ made by the British they combine the market share yesterday of ooe with the financial, contindicates its intention to tighteo mercial, and technological re-

up merger controls and to co-It is proposed that, unless an ordinate them at a European nverriding improvement of conditions of competition could he

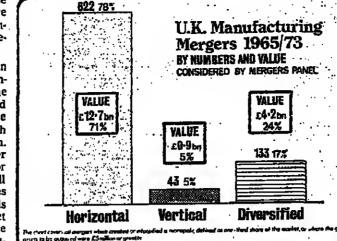
Doubts about the value of proved, the Cartel Office should further concentration of be obliged to prohibit the industry hy means of larger acquisition hy a company with mergers, particularly of the a yearly turnover of £500m. quacy of the financial resources should the Government not conglomerate type, have become (DM2hn.) or more of anuther made available to trade and simply sell additional gilt-edged much more insistent in Europe with a share of 5 per cent. or industry, contains two particu- atock to the institutions and during the past 18 months. Both more in a market where small larly interesting passages. One put up the risk capital itself-a the French and German and middle-size enterprises of the TUC in the proper role attractive to the TUC? Because, the moves which could well he of business. The same strict acquisition by a £500m. com-With the exception of Italy, pany of another which is Sir Harold Wilson himself to a need and a desire for them to all EEC states seem now to be dominant in at least one

expanded later, that the insti- exercise roughly that degree of The operation of the proposed The TUC dealt at length in its mindustrial strategy and would in the revised draft of the FFC new rule can be so well The TUC dealt at length in its an industrial strategy and would in the revised draft of the EEC illustrated by the GKN/Sachs standably and properly, with but are precluded from doing so does not mean that the Commis case—now pending hefore the does not mean that the Commis- Federal Supreme Coort-that it sion will really succeed in reviv- is tempting to call it the "GKN/ ing its pet project. If not dead, Sachs law." The Federal Cartel it has certainly not heen show- Office based its prohibitioo of ing any sigos of life for a long this merger oo the argument time. Though member Covern- that CKN would further ments think that merger control strengthen Sachs's paramount nay be uccessary, for the time position on the German clutch being at least, they are more market by providing it with likely to keep this sensitive area additional financial power. The under national control. Berlin Appeal Court, however,

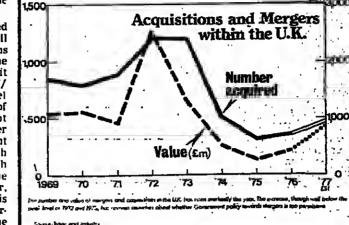
Merger legislation adopted was not convinced that this this year in Fraoce enables- would really happen and orer-but does oot oblige-the authori- ruled the prohibition. The ties to curb mergers resulting change in the law now proposed in a large market share, would create a legal presumplar interest concerns the views Horizontal. vertical, ing light of policy at the of Sir Harold Wilson, as they conglomerate mergers as well cial hacking would increase national level. It suggested emerged towards the end of the as equivalent management and market dominance, and the profit-sharing agreements are all Cartel Office would no longer covered. But there is little need to prove its case. Indeed, doubt that the Covernment will it would be obliged to ban the use its new powers sparingly, merger unless the parties couhaving made it clear that it cerned could prove that in some intends in continue to prninote other way it would enhance comthe restructuring of French octition on the clutch market. industry for social and techno- The Federal Supreme Court has logical reasons and to improve fixed the hearing of the case for its competitireness on interna- February. If matters take their tional markets. normal course it should he

octition Act annnunced by the reaches the Statute book. If Boan Government would provide not, the burden of proof would the Federal Cartel Office with a hc shifted from the Cartel Office hetter legal handle to control to the two compaoies and their conglomerate mergers - par-position in the case would ticularly where very large com- deteriorate substantially.

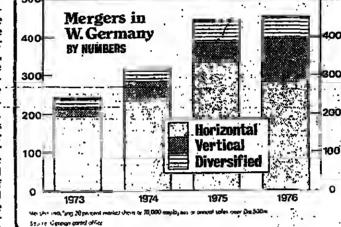
paoles penetrate industries con- Other provisions of the draft not necessarily lead to greater sulted in the prohibition: of firms to expand quickly as new return to the GKN/Series in sisting of small- and oiddle-size bill would forbid mergers of economic efficiency. precisely four mergers in 1973 opportunities open. In the example, or the acquired a start end of the draft acquired a start and to 1975; of a-total of 582 chairs rapidly changing world marker diversify or at least to retain a start and the companies with an approace. Though the statistic method to 1975; of a-total of 582 chair rapidly changing world marker diversify or at least to retain a start and the companies with an approace. a situation, why should the "they are so powerful that they abuses of market puwer by yearly turnovar of DM tube. employed in Germany for deal-lenged under the Competition' and monetary situation. The diversity organized with they abuse the ingent of the state of the competition and monetary situation. The diversity organized with the market buse the competition and monetary situation. The diversity organized with the market buse the competition and monetary situation. The diversity organized with the market buse the competition and monetary situation. The diversity organized with the market buse the competition and monetary situation. The diversity organized with the market buse the competition and monetary situation. The diversity organized with the market buse the competition and monetary situation. The diversity organized with the market buse the competition and monetary situation. The diversity organized with the market buse the competition and monetary situation. The diversity of the situation of the second of the possibility that draft of the Bill is expected to name merging have reached a All a strategy institutions not end, do not know how powerful they dominant enterprices The final if at least two of the contrary in strategy in the possibility that in the possibility that the possibility that the possibility that the possibility that the possibility is period. The final if at least two of the spring and the unover of DM.1b, each All a man projects the spring and the provide the spring and the transforming the spring and the provide the spring and the spring and the provide the spring siderations: it was to enable the large majority in Parliament." Initiated but not completed, turnover under DM.30m, will no instrumt without harming their prior funds operate are clearly to be obligations to policy-holders examined more closely later on. Bolt company has a turnover nver instrumt of a pending appeal. The most important charge annual turnover of less that the more less that the decided according to the decided according the decided according to the decided according the decided according the decided according to the decided according the decided according to the decided according to the decided according the decided acc of Economics would remove the shelved a more radical pro- introduced its first merger con- power industry in the course of as the Government depends on is prohably the strongest i difficulty the Carles' Office now pusal of the German Monopolies trol. But neither country has which 41 controllable acquisi- middle-class votes it must show ment in favour of the Br large really done very much since to tinns were effected. In German, concern for the survival of pragmatic approach. It als has if it wishes to ban mergers Commission that which do not result in an in- monopolistic enterprises should stop mergers. The enormous industry at large. 90 acquisi- small and medium-size hust plains why the German creased market share, but could be broken up but has accepted legal machinery provided for tions, almost one-sixth of which nesses. But the Communist listic method does not acl increase the market power of its argument that bigness does this purpose in Germany re- were open in review by the Party can afford to oppose an great results.



Source J D G. Aber, Applied from the



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BY A. H. HERMANN, LEGAL CORRESPONDENT Cartel Office, were made by effective control of concen enterprises which in one way tion in the hope that la or another were controlled by centrally controlled enterpri governmental or other public can be nationalised more cas authorities in Germany, This political backgrou At the European level, the leads greater urgency to European Commission never problem of conglomer made any serious use of the mergers which are seen a merger control powers which it greater danger to the small ; has under the European Coal medium-size firm than horizon and Steel Treaty, and with one and even vertical mergers single exception; has rubber economic arguments are im stamped all merger projects clusive. A merger hatw submitted by the steel industry. companies that do not prod It reached for the power to similar products and wh control mergers in other sectors neither is an actual or po of industry in its Continental tial supplier of the ot Can decision in 1973, but never reflects the tendency towa made use of the blessing then greater diversification, w obtained from the European may lead to greater stable and bence benefits hoth inves م فحر الم. Conrt.

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the whole, the years and employees. The main a from 1973 to 1975 have been ment against the congionie On characteriaed by efforts to merger is that though concentrate European indus immediate impact leaves tries exposed to fierce com- level of market concentra petition on the world market unchanged, it releases particularly from U.S. medium term chain reac and Japanese companies. As the which .. leads to struct consequences of recession be changes and greater concer-came more felt the same process fion of industry was continned in 1976 by a It is argued that the e series of rescne mergers. The into the market of a large d need to be seen to be saving sified firm may set off a de jobs caused the Born Gavern' sive reaction on the mark sive reaction on the par-others. They will either m ment to over-rule the Cartel objections to several. Office among themselves or see important merger projects, in affiniation with another po the same way as it was a reason. ful group operating outsidtion by nationalisation direct the market. The effort it or indirect in the U.K. in fact course, guite different if . the only trust-busting exercise congiomerate enters a maof the Cerman Cartel Office already dominated by a st which has received Government group and by making support and encouragement was greater, resources available the han on the acquisition of one of the smaller compet Sachs by GKN-possibly because ensures the survival and in the the Cartel Office's wish for a sincation di-competition judicial decision on conclor finally there is the cas merate mergers coincided with a large gloun ontside a the very bad Press given to the themes marker, joining, it tax freedom enjoyed by the support lander within 315 22425274 with a leader within market who thus gains at Sachs brothers as Swiss Tesidents.

to the greater productive Will this soft policy towards commercial resources of mergers continue, or do the new\_ conglomerate. - That should legislative developments in managedual elimination of France and Germany heraid a smaller competitors. Yet th real change towards tougher rarely are so simple. enforcement of anti-trust poll- market may be in fact a bu

cies? This is of particular market --- as Is the case ir !! interest in view of the cutrent market - as is the case are concern in Britain about the news of automátive rehicit

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and tion that such additional finan-

A major revision of the Com. decided hefore the new Bill

## Competition under review

WHEN Britain adopted a for- appropriate lines hut also to mal system of merger control establish some kind of recon-12 years ago, it was the first cillation hetween competition West European country to do so policy and the Government's and the approach adopted was drawn not from U.S. practice industrial strategy.

but from the earlier U.K. muno- There could well be a case for Highland laird's polics logislation-namely, that accepting an increase in conthe creation or presence of a centration in some sectors on defence . . . ninnoppig or dominant market the grounds that competitiveness power was not in itself good or in international markets may and Islands Development bad but depended upon the cir- thereby be improved. Indeed. Board has described as "the collisioness of each case. The this is a well-known character- unacceptable face of feudal- . . . and island this is a well-known character-benien nalure of U.K. Gerger istic of the French authorities' ism" and hy the Scottish approach to mergers. In any Nationalist Party's call to more evident in practice. Re-among in the outset and has become error more evident in practice. Rethe Commission to be against Nevertheless, what has been the public interest.

### Permissive

In the fast few years, however, smaller and medium-tized rom- equipped to judge.

patters in Britain than In Ger. The best way many, France or Italy, although

this could be because the con- Competition policy ought to the past." this could be because the time to be concerned solely with com-ditions for starting and build be concerned solely with com-ang up a new firm are somewhat pelition. For example, if mer-candour once shows by Lord i caught Grimond last night, the corporate image of men less lavourable here. Above all, ger control needs to be tight- Home who, in the days when literally almost breathless from who see themselves as dedicated several sindles have recently ened, then this would be best his position as 14th Earl was speaking in the House. He practitioners of the art of portsuccessed that many mercers done by requiring the Mono- the object of some derision retterated his enthusiasm for follo management. successed that many increase in polics Coomission to assess the from the 14th Mr. Witson, Mondragon-" there's a good profitability or have dis effects of proposed mergers on appointed the longes of their the competitive situation, as in predecessors had probably seemed relation to steal the managing director of Touche

policy, logelder with other thing encoded in a second seco Prices and Consumer Protection increased. But this way the sig- 250 acres. It is only when one Study of Industrial Society. Harold Wilson, conneisseur of changes in market rises into the grouse moor and Several other MPs. not all conis thus to be welconed, even power upon the competitive sys-deer country, where the land is verts to the cause, will be though it is only four years tem would be brought out more too poor for cultivation, that the there. since the last major review of clearly, leaving to Ministers acreages take no sub-Texan procompetition policy reached the answerable to Parliameot the portions. statute book The review seems wider task of weighing the In any case, the federation Lordly trusts

to have been prempted, how benefits of a more competitive points out Laurds are a dying even not only by the desire to climate against regional, or em- breed. Luw returns on letting. Considering that they manage the workings of the City and be upon jectives. pulicy is founded

MEN AND host of other

lockurably taking their toll of this noble calling. The new Lairds are likely to be pension Stung by what the Highland funds, or foreigners, and by that Development they don't just mean Sassenachs

more evident in practice. Re-latively few mergers have been singled out for scrutiny by the Monopolies Commission and even forer have been held by The Duke of Atholl, who ad will tell a small and select amiss about competition policy mitted to running a castle, seminar, close by the Commons. is that it has never heen given 130,000 acres and an overdroft, of his enthusiasm for the Monprimacy. The criteria governing spearbeaded the couoter attack dragon co-operative movement, as chairman of the Scotush which he studied for three days Cummission include regional Landowners Federation. He last month.

there have been growing daubts commission include regional has turned his own family seat last month. as to whether merger control policy and employment policy has turned his own family seat Indeed. Grunond is spreading as to whether merger control points and employment points into the leading attraction of the news much father than has not been too permissive, considerations as well as the into the leading attraction of the news much father than has not been too permissive, Many studies have not only shown that the level of concen-tration in many British indus-result, the Commission has practical grounds as heiny studies that they should "contration in many British indust interests of consumers. As a case for private laodlords on Shetlands that they should "con-tries is rather higher than in result, the Commission has practical grounds as being sider the control lesson " of the other comparable countries in to assess the efficiency of than the State. In the Shetland Times he has proved but that that they have be been determined by the state back back to be been been as the state.

memoers of the press that he "eliminated many of the prime, this is largely occurated only had so much land because stresses which lead to incom- like lawyers and accountants, his ancestors had stolen it. "I peterne, frustration, over-man the 250 or so individual trusts did not huy my land person ming and strikes such as bedevil are nul allowed th advertise, ally," he replied. "but some Britain." If taking a leaf nut of The Association of Trust Com-

that, the Sh-tlanders will he on has however been slepping up

appointed the hopes of their the competitive situation, as in prenecessors in a promary seemed reliceant to steal the instead of the hopes of their the competitive situation, as in prenecessors in a promary seemed reliceant to steal the instead of the hopes of the respects. West Germany, rather than by been border cattle rustlers. The inter-departmental review calling for what will inevitably More to the point was the put out on the subject by a team of fellow operations. The industry's annual director of the process. Unlike federation's claim that the of fellow operations. The industry's annual director ind

establish whether competition ployment, or other policy ob- capital transfer tax, protective assets in exercise of £6bn., will also sit on the takeover legislation for tenants and a Britain's Investment Trust com- panel in this capacity as well.



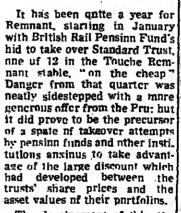
"With us the cost of borrowing and the cost of living amounts to the same thing!"

Lord Remnant.

one in the family paid for it in the Basque book can manage all panies. their trade association. Familiar flavour

seemed reluctant to steal the manazing director of Touche have fallen down on one major thunder of a report just heing Remnant, as its new chairman, part of the process. Unlike

on the Wilson Committee inth inth bread,



The development of this discount, largely an unexpected consequence of favourable tax treatment nn Trust share sales in the 1972 Finance Act, led to criticism of the Trusts' collective portfollo management ability. Quite unwarranted, according to Remnant. He stoutly defends British Trust managers as "the most professional and competent in the world," proriding a high-class service at a cust of only one third of one ger cent of assets managed. Touche

The Argentine Meat Institute has now perfected a processknown to some of our motorway restaurants for decades-for enoverting heef intu a tasteless, odoorless substance said

This " beef meal " is intended inquirer extra-ordinary, was supplement for the underfed this year's quest of honour. One regions of the world. It can he of Remnant's duties as chairman used in a wide range of proof the association will be to sit cessed foods-and even baked



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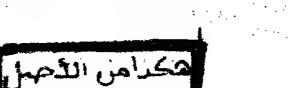
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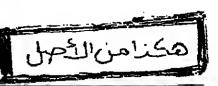
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## **INANCIAL TIMES SURV** H



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Tuesday November 29 1977

The expected improvement in underwriting results materialised last year and has continued into 1977 so far. Better claims experience has helped ease underlying problems such as inflation and currency fluctuations.

		and of the many service i wither											
	igns	sive damage at a cost of £40m. to insurers.	recovery in the U.S. and the Rest of the World being little short of dramatic, U.S. motor		RESULTS OF	BRITISH I	NSUR	ANCE	COMPA	NIES		winter and the return on normal English summer. the relaxation of speed	With th
· · ·	$\sim$	But this cost was dwarfed by	uoderwriting losses were re-									and less emphasis on e	
·		the damage resulting from the	duced by nrarly iwo-thirds to			(1	in.)				Increase	conservation, motor claims	
			£27.6m, from £74.7m. The cor-					1976	19		6	returned to their levels pr	rior to ca
	1 a	the weather has been g boon	previous two years by U.K. in-									the energy crisis. GA, the	
		extensive damage caused by	surance companies bore fruit in	WORLD	WIDE GENERAL PREM	IUMS						ing U.K. motor insurer,	
		subsidence, as the subsoil dried		Fire and	accident (non-motor)			3.484	2,6	87	29.7	reported adverse motor e ence.	Speri- 10
	nomo	out, was a natural disaster for	The major companies operat-	Motor .				2,024	1.5	46	30.9		a
		U.K. insurance companies, cost-	ing in the U.SCommercial	Marine, a	aviation and transport		• •	517	4	<b>n</b> 8	26.7	<ul> <li>Investment income general insurance busines</li> </ul>	from a
• •		ing them formeffectively the	Union (CU), Royal and General									tinued to remain hnoyant.	The St
·			Accident (GA)-have all		•••••••••••••••••••••••••••••••••••••••		•	6,025	4,64	41	29.8	record yields obtainable on	D.K. P
•		industry.	embarked on a policy of pruning out unprofitable accounts and				-1976			-1975		gilt-edged securities in the	latter OI
				1			Profit/	% of		Profit/	% of	part of the year was a h	major as
	*111	The net result was that the U.K. fire and accident account				Premium			Premiums		premlums	factor in hoosting income	
		recorded a loss of £39m., a swing	more sympathetic authorities.		WIDE UNDERWRITING							addition, most companies	
		of 260m. from the previous year.	but such accons take several	•								full year's return on the	
	Eur Duor	These poor figures were the	months before the enects work	Fire and	accident (non-motor)	3.342	-102.4	- 3.1		- 25.2	- 1.0	tional capital raised by rights issues made in	
		major reason why the worldwide	meir way unrough the accounts.	Motor		2,819	- 43.9	- 2.2	1,533	- 149.8	- 9.8	Overall investment in	
	YEAR saw a partial	fire and accident account										jumped hy a third to £6	
	ery in the worldwide	recorded a loss in 1976 of £102m.	the world last year showed an even greater upswing, with	TOTAL		5,361	- 146.3	- 2.7	4,130	- 175.0	- 4.2	more than sufficient to	
	rwitting results of British	-four times the 1975 figure.	underwriting losses of only									underwriting losses. Last	t year d
	mice companies an in-	The results for this business in the rest of the world account	£18m. against £70.5m. in 1975.	U.K. UN	DERWRITING							there was a net surplu	
	ment in the previous rest	were also poor, with a loss of	Business in Australia and	Fire and	accident (non-motor)	1.198	- 39.1	- 3.3	970	+ 20.3	+ 21	general insurance busine	
	serall loss on all business.	£19m. compared with £3m. in	Canada more or less broke even.	Metor		748	+ 1.7	+ 0.2	623	- 4.6	- 0.7	£485m. compared with £	,290m, ~
	ding marine, aviation and	1975. North West Europe was	the corrective actions having			·						in the previons year.	jn
	oort of £146m. was	also affected by the January	been taken much earlier in these	TOTAL		1.946	- 37.4	- 1.9	1,393	+ 13.7	÷ 1.0	Despite this improved	per re
	ted, compared with the	storms. The U.S. account, how-	territories than in the U.S. The									formance, solvency ma	argins co
	d loss of £175m. in 1975.	ever, was only slightly worse on	losses occurred mainly in	U.S. UNI	DERWRITING	·.					· · · · ·	slipped a little in 1976, total of general insurance f	ane an
	f the 1976 loss is measured	ibe year.	Western Europe, where insurers are still having trouble from	Fire and	accident (non-motor)		- 44.3	- 5.7		- 42,8	- 7.3	sbareholders' capital and	
	percentage of premiums,	C-L-L-	the authorities in securing the	Motor		445	- 27.6	- 6.3	320	- 74.7	-23.3	reserves increased to £	
	percentage of premiums, nprovement shows up even	Solely										Anone SC The but another	01 an 01
	r. Premums ruse of Jo		necessary premium rate in- creases to keep the business	TOTAL		1.221	- 71.9	- 5.9	904	-117.5		a percentage of pre-	mium W
	Cent. Irom 14.1001. to	Last years recovery there-	viable.										
	bn. making an under-	fore came solely from a tremen-	The U.K. motor account re- turned to the black with a small profit of £1.7m., following a loss of £4.6m. in 1975, Claim costs	REST OF	F WORLD UNDERWRIT	TNG			•			138 per cent. of such in	come, en
	of promiume against 43	dous improvement in motor	turned to the black with a small	Fire and	accident (nen-motor)	1.368	- 19.0	- 1.4	1.043	- 2.7	- 0.3	against 140 per cent in	19/0.
	ent in 1975.	the problem results-normally	profit of £1.7m., following a loss	Motor	accident (mon-diotor)	826	- 15.0	- 3.3		- 79.5	-12.0	Thus the average sol	vency fr
	a magayery was held hack	overall underwriting loss was	of £4.6m, in 1975, Claim costs									margin fell by two poiots	to 38
	ger bochuse U.K. under	cut to £41m., 2.2 per cent. of	continued to rise during the year, with the cost of spare parts	TOTAL		2.194	- 37.0	- 1.7	1.632	- 73.2	- 4.3	per cent. Although this is much bigher than the	i level
	or results on fire and acci-	premiums, from £150m., 9.8 per	rising by 17 per cent bour					·				quired by the authorities	s the P
	husiness normally a profit-	cent of premiums. This re-	costs hy 12 per cent, and car	n boiren	f more frequent pres n	nonth slave. C	II had tri	mmed (	The U.K. r	esults fo	r all com-	major insurers are still se	eking al
	account, went sharply into	covery more than offset the	nciees by 20 ner.cent However	mistm un	ratings i	is lasses back	by 56 ner	cent. 7a	nies were	showing	improve-	to strengthen their asset	hase
	se as a result of two events.	deterioration in hre and acci-	U.K. insurers, were able to	The re	sults reported so far I	Royal had a u	iseful pro	ofit nf mc	ints as th	e claims	; for sub-	to cope with inflation.	T
	the first was the	dent nusiness.	secure the required rate in-	this year	show that the recovery £	17m. oo underv	writing, an	nd GA, sid	ence dama	age, alth	ough still	The reason is easy to	see, a
	e storms that hit the coun-	All territories showed a wel-	creases and were able to return	in underv	writing results has con- d	lespite a poor th	ird quarte	er, had a s	significant	item, we	ere falling		dana da
	uring the very first week-	come improvement, with the	to yearly rate revisions after a	tinued in	1977; At the nine n	nearly halved it	s losses.	, su	stantially	followh	ng a wet	CONTINU	UED ON
	·····											· · · · · · · · · · · · · · · · · · ·	

return of the Inflation still remains one of summer. With the big problems facing of speed limits insurers. Premium income inasis on energy creased by 30 per cent, in 1976 otor claims have and although some of this rise r levels prior to came from new husiness, quite s. GA, the lead- a lot arose simply from or insurer, has inflation. Insurers are still find-e motor experi- ing that internal growth cannot keep pace with such rises and income from are having to reinforce their

ce business con. asset base in order to maintain nonyant. The solvency margins. All the com-tainable on U.K. posites bad rights issues a year ities in the latter or two ago and now it looks ar was a major as if the companies are coming

ing income. In round again for more cash. raised by the Queue made in 1975.

Commercial Union, which led the queue last time is first again this time round, seeking £74m. icient to offset from a new rights issue. Prusses. Last year dential Assurance strengthened net surplus on its asset hase by taking over net surplus on its asset hase by taking over nee business of bandard Trust and there bave been similar exercises by other companies. The continued improvement in underwriting improved per-results this year should belp ency margins companies to maintain an in 1976. The adequate asset base.

insurance funds, Insurance can only operate apital and free insurance can only operate sed to £8.3bn, of stable under conditions ut expressed as of stable currencies. The weakness of sterling last year of premium presented only brought into focus the heavy exchange risk being carried by f such income, insurance companies. This cent in 1975. resulted in certain concessions erage solvency resulted in certain concessions two poiots to 38 from the Bank of England bough this level be half the amount that can than that re- be beld in overseas assets. The authorities, the present strength of sterling has are still seeking alleviated this problem.

Life business last year remained buoyant, with new s easy to see, annual premiums on individual

CONTINUED ON NEXT PAGE

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## Investment under scrutiny

INSURANCE II

INVESTMENT POLICIES of but which, it is hoped, will rise Just how strong have been panies has focused on their ing capital into smaller enter form in which their Ordina Britain's insurance companies in future - and more secure the shifts, in volatile conditions, allegedly inadequate channelling prises. Prudential Assurance shares would have any sign bave letely been the subject of holdings of the fixed-interest in investment by the insurance of funds to the industrial has joined with the Midland cant value. In these circu - from outside.

Trends and policies have 1970s, has moved back to no ditions of 1974 cash was piled Wilson, which underlines the industry's supposed reluctance shares first part of their evidence to cases.

### the Wilson Committee on Financial Institutions, along with a Concentrated

demands from the Labour Party - shough not from the Govern-ment — for nationalisation of interest investments in the life issues, while £27.7m. was The strength of the insurance take on long-term fixed interest issues, while £27.7m. was The strength of the insurance take on long-term fixed interest investments in the life invested in this way in the first companies' argument has clearly obligations in an eta of high investment in property was Six months of this year. been buttressed by the general interest rates and economic unstant for a contained of the investment interest rates and economic unstant interest rates and economi ment — for nationalisation of interest in increase fixed through the take-up of rights into Government bonds.

The argument that invest f17m. and in ordinary shares baps cause some surprise is far, which suggests that there ment policies have responded to f5m. Similarly, new investment the degree of dealing or switch is no overall shortage of funds the degree of dealing or switch is no overall shortage of funds. the needs of industry to a large for the general fund was pre- ing in holding. For instruct and as completely as to the general fund was pre- ing in holding. For instruct and as completely as extent, and as completely as dominantly in fixed interest ing in holdings. For instance, available to industry, though panies to invest in particular has been reconcilable with the computing in fixed interest although net investment in gifts smaller companies may have circumstances or cases, the has been reconcilable with the securities."

need for protecting the interests of policyholders, has equity-minded, which went in vis some £400m, this was the provision for the latter situa- prior obligation to serve the been advanced on behalf of the for gilts last year was Equity difference between much larger tion, it is recalled by the interests of their policyholders. whole industry and not only of and Law Life Assurance Society. total purchases of £1.7bn. and associationa that the insurance Referring to the contrological the seven companies in the There can be no surprise net investment in the Surprise have participated in dring up of share buying in front line - Commercial Union over the recent leaning of most in union of 1974 Assurance, General Accident investment policies towards dian Royal Exchange, Legal and topped 16 per cent, in late 1976 cases of £471m, and sales of also insurance company backing, economic situation, since 1981 General Assurance. Prudentiei end even et to-day's lower levels Assurance, Royal Insurance, and approach 12 per cent, much Sun Alliance and London above comparable overseas levels. As the insurance asso-Insurance.

Meanwhile, as this debete bas ciations say in their evidence to been proceeding, the invest Wilson: "At a time when [a ment policies themselves have financial institution] could earn, been evolving in response to say, 14 per cent. on a risk-free, the latest turn in the ever- highly inarketable long-term volatile economic climate - the gilt-edged security. It had to

bonds in e way which has had margin of assets over liabilities, seen as inflation hedges, at the opposite end of the investment by market values. Obviously, more than £20m, in reporting a generally reckoning the former keeping to the solvency margin is easier the lower the pro-The marked accent on gilts portion is of risk-bearing assets

bas somewhat adjusted the such as shares end property, balance between the equity kind which are liable to fluctuate by of investment - producing in- value - and can fall - with come which is not guaranteed changing market conditions.

a unprecedented degree of type. The ratio of equity (share industry — swings which have sector at a time when industry's Bank and the British Gas stances it is not surprising the scrutiny within the industry as and property) to fixed yield in provoked many political queries capital investment has been at Pension Funds to form Mora- a widespread view develor they have come under examica- vestments, which for some long. on policy — is shown by overall a low ebb. But strong answers crest Investments, also to back among the institutions aby they have come political attack term (life) funds rose to as statistics. Whereas in the abnor to this are mobilised in the in- smaller concerns. much as 70:30 in the earlier mally depressed market con- surance associations' evidence to Criticism about the insurance

Trends and policies have 1970s, has moved back to no up, with buying of no more than striking fact that the long-term to provide kong-term loan capi-been explained in detail by the more than 60:40, or even up, with buying of no more than striking fact that the long-term to provide kong-term loan capi-insurance associations in the 50:50 or below in a number of first part of their evidence to cases. over the 15 years to 1976. markedly thereafter.

Gilts took £1.6bn. out of the One point made by the associ- fact that businesses in other

wealth of detail an the insurance companies 12.300. atoms to wilson is that the countries in Europe are more to promate promate into industry's £30bn. of investments. One leading company which total of net investment in 1975 insurance companies, so far highly geared than U.K. bust ment, it is unnecessary, in and £1.8bn. ont of £2.8bn. in from starving industry, hold a nesses reflects an unwillingness the reply; if to compet investment in 1976 followed by \$1 bn out of much bigher promation of their of the investment record have been fully gilts in 1976 was Legal and 1976, followed by £1.1bn. out of much higher proportion of their on the part of the institutions ment with inadequate retion of their on the part of the institutions ment with inadequate retion of their on the would be against the reply, if the competition of their on the part of the institutions ment with inadequate retion of the institutions ment with inadequate retion of the interests of policyholders. I or competition of the interests of policyholders interests of policyholders interests of policyholders. Viscount Caldecote, said in his Ordinary shares acquisitions than do their counterparts our view the explanation lies latest annual statement: "We absorbed £339m. in 1975 and abroad—where of course there not in a shortage of supply of have taken advantage of [high through the taken of intic of the course there not in a shortage of supply of through the taken advantage of [high through the taken of intic of the taken advantage of [high through the taken of intic of the taken advantage of [high through the taken of the taken advantage of [high through the taken of the taken advantage of [high through the taken of the taken of the taken advantage of [high through the taken of taken of the taken of taken of the taken of taken of

Another concern, traditionally in the second quarter of 1977 capital-raising problems. As to associations in ordinary shares represented Capital for Industry - the the associations say: "This was the difference between pur equity bank-and that there is by far the most diagerous

Much of the recent political Charterhouse Group and the whether a number of major

Financial Times Tuesday November 29 H

Similar principles govern answer to suggestions that the should be direction of invi ment towards industry. If i "It is sometimes said that the idea is that this should be de insurance companies' £2.5bn ations to Wilson is that the countries in Europe are more to promite profitable in. ment over the past year included one or two in instances of the purch investment frusts, an appr

> currently popular also some big nationalised indi As to any unwillingness on acosion funds. Prudential over Standard Trust for £37m beating an earlier from the British Rail Pen underline their Funds, while Commercial Un acquired for some £50m. Est House Investment Trust : Life Assurance Society has to over Artagen Properties. Alliance and London Insury recently announced that it acquiring a portfolio of prop from Rank Organisation. behind operations run by the and justified real doubt as to

Margaret R

Better news overseas

the attest tota in the unit of the properties industry has been stocking up industry has been st

American underwriting picture crucial area, and here 1977 is This time, analysis argue, the for the, U.K. composite which is dominating the world seeing a much needed return to industry will be more cautious Anstralia, sithough it bonds in e way which has had e beneficial effect on assured current and prospective income. At the same time, the clains of equity-type investments—the ordioary shares and property argin of assets over liabilities.

fl.Sm. to fl3m., although per cent, and there could be a the ratio of premiums to the motor side is perform Royal bas not yet provided for further improvement in 1978. surplus has been going up. The motor side is perform

213.7 m. to 23.5 m. by the end of sector. the third quarter, and CU Operating ratios for the burry. Much capacity was with probably fallen to around 5 showed an improvement of whole industry averaged 105 drawn, especially from trouble cent. After a very bad pe more than £20m. in reporting a loss of just £4.8 m. Meanwhile Canada showed a huge improvement fur Royal, which earns something like a brokers Rowe and Pitman, notably to Lloyda. The industry periform and the pressure: fifth of its world-wide premium income in that country. Under, Swing into profit this year on Capital inadequacy problem.

income in that country. Under- swing into profit this year on capital inadequacy problem. writing profits soared from underwriting with a ratio of 97 With premiums rising so fast. Influences

the possible intervention of Big premium rate increases American insurance companies reasonably well, but com Canada's Anti-Inflation Board in the last couple of years lie have not been so successful in the influences are strong which threatens to spoil what behind the underwriting re- raising new equity as have their commercial property insur-might have been a very rosy covery in most U.S. insurance U.K. counterparts, and high Royal explains its red plcture for the insurance indus- lines. Since 1974 it is reckoned premium to surplus ratios are Australian profits in term try there in 1977. In contrast to that motor car premium rates likely to inhibit, premium "growing competition in

are enormous. Or that they are constantly changing. Or even that they are frequently in widely scattered locations. The real problem is that insurance companies, from time immemorial, have demanded a monthly inventory location by location.

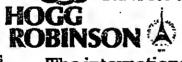
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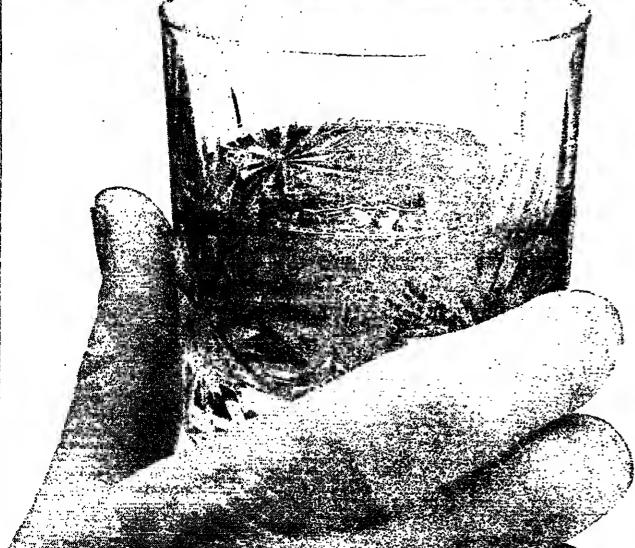
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Royal, CU made an AIB provi- have risen by more than half, growth --- and therefore com- market." sion et the nine-month stage, and there has been a doubling petition --- for some time to Althou and showed only marginal in the liability class which had come ... underwriting profits.

Meanwhile Meanwhile Continental mejor burricanes, for example, creamed off by the Anti-Infla-Europe has been affected by while San Francisco has yet to tion Board worsening underwriting, at any rate in Holland which is where earthquake. most British companies concen-

trate their efforts. CU has a large interest in Holland, and Significantly its underwriting losses there Automobile claims have also



life business rising by 22 per cent to £341m. There was a significant recovery in unitlioked business after two years when sales remained in the doldrums, with single premium business virtually doubling to £158m. Life business from overseas sources, up to now e very small portion of overall business, showed an increase last year of 32 per cent. in

premium income to £762m. By the end of the year the total value of life funds had risen to £26.3bn.

The control of life and other insurance funds is the prime reason for the Labour Party's proposals to nationalise the seven largest insurance companics. This nationalisation proposal is now official Party policy, although other elements in the Party and the trade unions would prefer investment direction. The letter have placed the blame for lack of investment in the manufacturing industries firmly at the door of the fitancial institutions. The evidence by the British Insurance Association end the life company associations to the Wilson Committee has made it very plain that investment has to be made in the light of the liabilities of insurance compapies and that the prime purpose of these companies is to invest for security. The BIA normally the most reticent af bodies, has embarked on an extensive advertising campaign to get this message over to the general public. Perbaps with hindsight it should have done this years ago,

هكذامن الأجهل

Continental quent than usual-with no these bumper profits may be

years of good profits have Quebec. There are signs that

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he razed to the ground by an For the first time this year the AIB's profits limiting

earnings of most companies, compared with just a handful in 1976. In rough terms, combeen significantly reduced, panies are restricted to a return but the insurance. This is something of a puzzle, - including investment income are ant opfimistic that and th explain it stockbrokers - on premiums of just 3 per be adequate. cent, any profits over and Viewed of Kitcat and Aitken point to the contrast in Britain where the above this maximum level will ance industry tends to: trend is towards an increase in be required to be disposed of from the regular proble the number of small claims. It could well be that the higher by many U.S. motor insurance

in some way or other, perhaps excessive competition, po deductibles recently introduced by fate reductions or rebates. controls on premium levels At the moment there is still nationalisation. All these companies are discouraging some doubt over exactly what culties are visible in va claims, whereas here in the will happen, a degree of uncer countries at present. Fur U.K. excess levels are tending tainty which is magnified by the problems of inflation and y to get left behind by Inflation. different accounting policies of capital markets have been Factors like the level of insurers like Royal and CU, countered in recent years. economic activity and the real Still. on fundamentals the the U.S. insurance indust industry in Canada is much now looking bealthy once a cost of fuel also play a part. industry in Canada is much now looking bealthy once as How long will the upswing healthier than it was, despite and given its prime import In underwriting profitability proposals to nationalise part of in the world context. last? In the past, two or three the motor insurance business in counts for a great deal.

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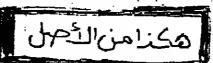
Barry Ri

Although Guardian

Exchange has an interes inderwriting profits. been especially beavily hit by In Canada the underwriting Germany, on the Continer Australia has provided mixed big court awards for damages. cycle has been running a year. Europe it is the problem experience, with Royal indicat- On top of the impact of these ahead of its U.S. counterpart, the insurance industry in ing lower underwriting profits, deliberate moves to restore a and as shown by the figures land which most concern Ba while CU has turned round bealthy position the insurance from Royal (which has been thisaters. Premium rates On top of the impact of these ahead of its U.S. counterpart, the insurance industry in from losses to a small profit- industry has also been benefit- pushing up its already, large often inadequate, either bec but even CU complains that ing from an unexpected fail in share of the Canadian market) of Government controls or market conditions are becoming claims frequencies. Natural there are big potential metition. There is a plethol more difficult. able foreign representation Big losses are at pr being made an the

account in Holland. The Government 'is' bolding formula is likely to bite into the of only 8 per cent. at mi when the companies more like 20 per cent. A i rise may be allowed in Ji

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## Overcapacity in marine sector

INSURANCE

in premium rates dropping to Some years ago, after a profit creates weakness within the in Deutschemarks. Fra levels which are likely to prove able period, there was an influr market. france, yen, Dutch floring vide sufficient capacity.

or course, a more peak market. Some, for cannot simply let the business added to the list in the furt could be absorbed, the over-instance, may have taken the drift away. They must remain while there may be and capacity for the "bread and view that, with high rates of in the market, writing a reason tages in not having these butter" business would be even interest, profits could be made able volume of premium, even remeies converted into start more severe. It is essential for from investing premiums before if they know that rates are too it is unlikely that the int underwriters in have a goood they had to be paid out as low. underwriters in have a goood they had to be part out as any spread of risk, and it is this claims. Such insurers, however, it is not always appreciated from foreign currencies as basic requirement which has may not have appreciated the that some large brokers, guite stabling. Underwriters led to so much competition. long period over which claims apart from their traditional Lloyd's will continue for are likely to be paid. broking, accept business on be, time being on the old bas Platforms

ance market for the more ex-

pensive oil production platforms

in the North Sea may be in

the region of, say, \$600m. to

\$650m .- with, perhaps, a gross figure of 50 per cent. nf that

amount being written in the Lloyd's market Often, however, those who are insured would like cover of up to \$800m, or

has helped the non-marine

market with capacity problems

there has not been a great deal

Naturally, in the cut-throat balf of one or more overseas conditions which erist it is not insurance companies. always easy to pin down those in some circum At the moment, the cover proresponsible for so much hull and some strength to field vided by the worldwide insur-

at broking negotiations with the business being written premiums which are likely to market. prove too low. The London The traditional man market is often blamed. While ket, therefore, knows that bush the phrase "London market" is no convenient, it consists of the cheaply, but must weather the cut investment established traditional marine storm. A certain amount of thus could be insurance market, consisting of business has been allowed to go repercisions for t underwriters at Lloyd's and the elsewhere, and individual who set out to old-established offices in this underwriters do not always premium (and sector, together with many agree on the best course. loss) on the back of more-if it were available. other companies. Some of these Perhaps in the future rather are relative newcomers, and an Members more help may be available from increasing number of : overseas the non-marine market. While insurers are establishing Lonon occasions the marine market don underwriting offices. the capacity problem has be

The result is that a single made more serious by the larg marine underwriter in London influx of new men (not necessarily writing for one record number err of business in the apposite of the traditional marine in underwriting on January I next, write business at low rate direction. In the praditional marine in underwriting on January I next, write business at low rate

At the moment insured values would not be acceptable to much have joined both non-marine of vessels are still below \$200m., of the rest of the market. This and marine syndicates. While shopped

bulls, it is unlikely that the aware of the exact situation, writers. who entered i overall premium income will overseas insurers may be quite to n the hull side currency thusiastically prove sufficient when the last willing to write the risk at the finctuations have caused plenty may decide either to withe of the claims has been met same rate. The London under of problems in the past. While pracefully of to co-operate "" While cargo insurance does not writer may have been able to premiums may have been paid suffering the market. in one currency, repair costs have a long "tail," rates of pre- arrange reinsurance on favourmay very well have mium have been driven down able terms.

THE BASIC problem which to levels where it is or no pre- One of the problems in the curred in another; and the continues to affect the world- maum is being secured to meet marine market, therefore, is of the repairs may have been continues to anect the world- main is being secured to meet marine market, therefore, is of the repairs may nave been, wide marine insurance market the "catastrophe" type of claim that there are too few under creased not only by inflating is severe aver-capacity resulting which can be expected to occur, writters willing or able to assess also by currency fluctuation in intense competition for many . While those who are insured risks for themselves. Many are For the companies there types of risk. The struggle is might prefer less volatility in prepared to follow others be some easing of the situation to secure business by so many premium rating, insurance blindly, without knowing the since the major internation competing markets has resulted experience tends to be cyclical. full story. This, inevitably, brokers are to start account in premium rates dropping to Some years are or store a profit Greates, waakness within the in Theutychemetra.

Financial Times Tuesday November 29 1977

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uneconomic. Curiously, at the of new insurers anxious to write. Sometimes it is argued that Swiss francs, which are same time there are some peak marine business. To secure biokers now have too strong a major insurance currence risks, such as North Sea pro-business they had to quote com-bargaining position. While no addition to sterling. US duction platforms, where the petitive rates. The big question underwriter is abliged to accept Canadian dollars in which entire world market cannot pro- is how long this somewhat iner- a risk, established underwriters minums have been paid in perienced element will remain in business for the long term past. Other currencies ma Of course, if these peak risks in the market. Some, for cannot simply let the business added to the list in the full

being written

ecounting

Clearly, stances this m loss) on the back

For underwriters at Lloyd's ioub, that the relative ease d encouraged man

even for the latest liquefied gas rate, however, may then be their capacity is needed on the markets a few years ago. carriers. There is considerable described to overseas insurers non-marine side, increasing the since had their donbts competition for fleets of vessels as having been quoted by the size of marine syndicates, ands some of the security. An and for cargo business. For London market. Not being to the problems for inder claims build up, some of

John Gas

motor account Lean

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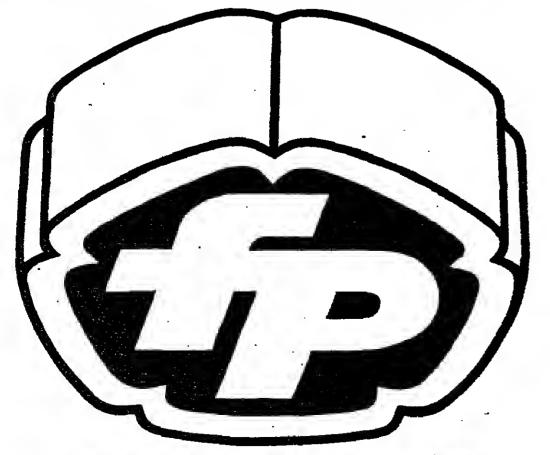
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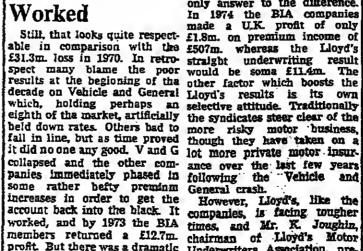
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OVER THE PAST year U.K. -it is all a matter of invest at a faster rate than mechanical The spring did not see the motor premiums have risen by ment income. The companies spares, and the former is the expected slowdown, and the second standard with the standard wit shrinking inflation rate. One of the real problems for investment income of £631m. tend to stay level for a while stabilised and thus the U.K. insurance companies is for a net surplus of £484.7m. and go up in steps. Court relatively cheaper. the U.K. insurance companies is for a net surplus of 5484.7m. the competitive nature of the Meantime the 39 syndicates at motor market. Even at the best Lloyd's include investment of times overall underwriting income within the published results show a very small profit figures. For example in 1974---For example, in 1976 members Lloyd's closes its account three of the British Insurance Asso-years in arrears-premium for about 86 per cent of the was £89.4m. and there was a U.K. motor market, made a profit of £14.4m., or a return of profit on underwriting of a 16 per cent. This figures was mere £1.7m.--a paltry 0.2 per boosted by investment income cent on net written premiums of £3m. cent on net written premiums of £3m.

Premium income is not the only answer to the difference. In 1974 the BIA companies



profit. But there was a dramatic Underwriters Association, predecline in 1974 and by 1975 dicted last September that there was a loss again. It is still a very competitive 15 to 20 per cent in 1978. market. In part this is because General Accident, which is the

of £748m.

of the effect of the media. largest single force in the U.K. Magazines such-as Which? and motor market, agreed with that Drive briog rates for the various view, and if anything the figure companies right under the con- "will be nearer to 20 per cent. sumer's nose. Motor premiums than 15 per cent." are fairly heity in comparison Frequency

with house insurance or a basic life cover and so the consumer makes a determined effort to There are two reasons why the motor account for 1977 has get the best deal available. It might be wondered why all

been under pressure. The cost the companies are not putting of servicing claims is increasing up their rates in order to make even more worrying, the frea reasonable level of profit, and of servicing claims is increasing how is it that Lloyd's under-Figures published by the BIA writers are able to make a shows that the rate of increase reasonable return from their in spare parts in the 12 months motor business. The answer to to last July was 13 per cent, both questions is closely related but body parts have been rising

The spring did not see and the attained notor premiums have rised by ment income. The companies spars, and that factor in all it has steadied out since a structure around 15 per cent on average, would like to make a pure most important factor in all it has steadied out since the probably ne. It's had have a state of the year underwriting profit, but in the but the most serious motor arts. Fise to date is probably ne. draws near it looks as if the figures that the Association dents. Garage labour rates over an eighth ---- insurers are the state of the same period were op nearly cerned, not least of all bec. This are faither the figures that the figures taken of the same period were op nearly cerned, not least of all bec. This are faither was the figures that the figures to the same period were op nearly cerned, not least of all bec. This are faither was the figures of the same period were op nearly cerned, not least of all bec. This are faither was the figures of the same period were op nearly cerned, not least of all bec. This are faither was the figures of the same period were op nearly cerned, not least of all bec. This are faither was the figures of the same period were op nearly cerned, not least of all bec. This are faither was the figures of the same period were op nearly cerned, not least of all bec. The premiums provide a good new cars note by over 28 period several theories are put month profit figures indicated cash flow for investment. In cent. and of used cars by 18 ward, but two seem the that the home motor account 1976 BIA members saw world- per cent. bad shifted into the red. For wide general business premium In addition the courts take to "feel, the pinch" like drivers it adds up to the pros- income increase by £14bn. to into consideration inflation when other consumer and there pect of another round of price over £8bn. There was an under calculating any loss of earnings might be more willing to price over £8bn. increases in the new year of writing loss worldwide of capacity caused by injuries and, a claim and worry about 15 to 20 per cent., despite a £146.3m., a very poor return payments for the loss of an bonuses later. More impor until nne takes into account amenity (for example an arm) is that the price of petrol Multime within doma-









o crises of those years.

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Fre well placed to meet Solvency

sector. The composites france and Deutschemarks to The rise in interest rates took The stars of the bull market, cond and the life offices finance U.K. operations, was its toll insofar as it was part the brokers, have lost their inited. actually a boon to the brokers, and parcel of the fall in stock. flamour since their ability to remendous run by the A large part of their income market values. This had the face up to the crises of a preespecially in 1975 and came from abroad whereas most effect of actually reducing net sion now carries less of a preas due to the fact that of their expenses were in assets at a time when a substan. mium. For o while their share amed ideally placed to devalued pounds. tial rise was needed. The shock price performance was sustained tial rise was needed. The shock price performance was sustained which this gave the composites by the rush of Americao busibas been reflected in a reduc. ness coming through them to tion of their exposure to the Lloyd's. But now that rush is increased tion, in particular, brought them profitable in the future that the been most and been most and particular.

ad debtors, the brokers down. If the premiums, were they otherwise would have been, has been more ambiguous. True, he of the former and allowed to grow with inflatioo Equities are still better at pur- the slowdown in inflation and by little of the latter. at 15 to 25 per cent then the suing inflation over the long the rise of the stockmarket has second crisis was the net assets bad to also, or else term than fixed interest securi- cased their capital adequacy level of interest rates, the solvency margin, would use.

he this was destroying deteriorate. There is no way But in the last 12 months, the cycle has been on the up, inded conglomerates and that an increase in net assets of whole financial background has especially in North America. y companies, the brokers that order could be achieved out changed and the relative attrac. However, the fall in interest

Impact of regulations

of ?s of the secondary bank- of the Department of Trade into ritem; an inadequate the shady operators, strength-of assets and—at a time ened with its legal powers the going markets—insuffici- moral fibre of those whose busi-

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the provisions of the passage of the Insurance Com-Lie provisions of the passage of the insurance com-the companies Act 1974 penies (Valuation of Assets) a consolidation of the Regulations 1976 he now has Negative the Companies (Amend- someone working half a day a Negative

rigorous

Tes.

nancial crisis pushed the the figures.

ment into making some However, if that suggests that may have worked to the detrifor the protection of the Department of Trade's exer. ment of the industry. lialders

indations. Where insur- work of the companies, cases by a change of ownership panies which have beavy finan-ompanies did hit prob- increased their expenses, and which itself permitted a cial backing from entering the however, they stemmed produced very little tangible strengthening of the capital business. Tractly the same sources benefit? Or has it put the fear base. Convolution that the revalua-traction the sources benefit? Or has it put the fear base. Convolution the source of the capital business. Convolution the source of the capital busines of the capital business. Convolution the source of None of those companies has, towever, been identified-for obvious reasons. All the same,

the cloak of confidentiality valuation ness it is to value insurance companies' assets, and made the effectively means that it is im-

which no one has yet general manager of one small another failure—how far the rot the te apply to the banks. life office reckons that since the goes before the Department

ice Companies (Amend- someone working half a day a **CEALLYC** Act 1973—the Secretary week simply on providing the for Trade has extensive ditional information which it results of the Department's a some directions he has staff of 50, is a not insignificant iment of new regulations staff of 50, is a not insignificant waluation of assets. valuation of assets. **FECCION** addition, the problems them, But the queries have not staff of 50, is a not insignificant iment of new regulations valuation of assets. **FECCION** addition, the problems that the department of the industry. It is possible, igures which he provides, the industry. It is possible, because he has had queries on specific areas—in addition to addition, the problems them. But the queries have not specific areas-in addition to hit some of the life come come through nntil several the increase in work and the in the wake of the 1973- months after the presentation of increase in costs—where this fourty of bureaucratic activity

investments cise of its powers, though well- There is too the question of

through the financial pertinent to enquire what have against 31 in 1975. But in 57 information which the Depart- mercial Unico. The market did of reorganisation and topping 1973-74 relatively been the results of this surge cases, as against half that ment requires from the company not like this issue one little up of existing schemes. Ed. Unlike the case of of bureancratic activity. Has it, number in the precediog year, in its opening years. There is bit and insurance analysts, hstry were crumbling on offices-claim, required more raising new capital, or in some tively debars all but those com- iog angrily that such an issue enough. Stockbrokers Grieveson

thought by many to have been arguments in favour of a stiff financial barrier against new deters the fly-by-nights. But it result the rating of the whole with this view, with the proviso may also reduce the level of sector has suffered. If there is competition and one lessoo that investors should ance companies are less attracbeen considered to be Certainly the volume of work tiveness of its monitoring pro-tiveness of its monitoring pro-ever will know, unless there is another failure here failure here to the induces of the pro-tiveness of its monitoring pro-tiveness of it legitimate

rates is a mixed hlessing for mooey rarely, verv the composues. Although it has currently they are regaining Premiums led to the stockmarket rise it popularity. 218 will also slow down the growth expected to move ahead on the in investment income. This pro- basis of a recovery in real discess may be delayed because of posable incomes next year and heavy buying of long-dated gilts the new life in the property lost winter but it will come io market. Also encouraging is the due course unless interest rates amount of business coming from companies which are contractgo up again. The composite sector was ing out of the State pension

INSURANCE

none the less performing quite scheme - and the attention well in the stockmarket until which has been focused on pen-INSURANCE industry Companies Act 1968-it seems undertaken on 38 occasions, as forecasts and the volume of the £74m. rights issue by Com- sions recently has led to a lot

> The question now is whether the adjustment to the changed circumstances has gone far greedy in tapping the stock attractive for over five years. Wood Mackeozie zoes along have learnt in recent years, it is tive. But while the life offices

COMPOSITE LIFE OFFICE



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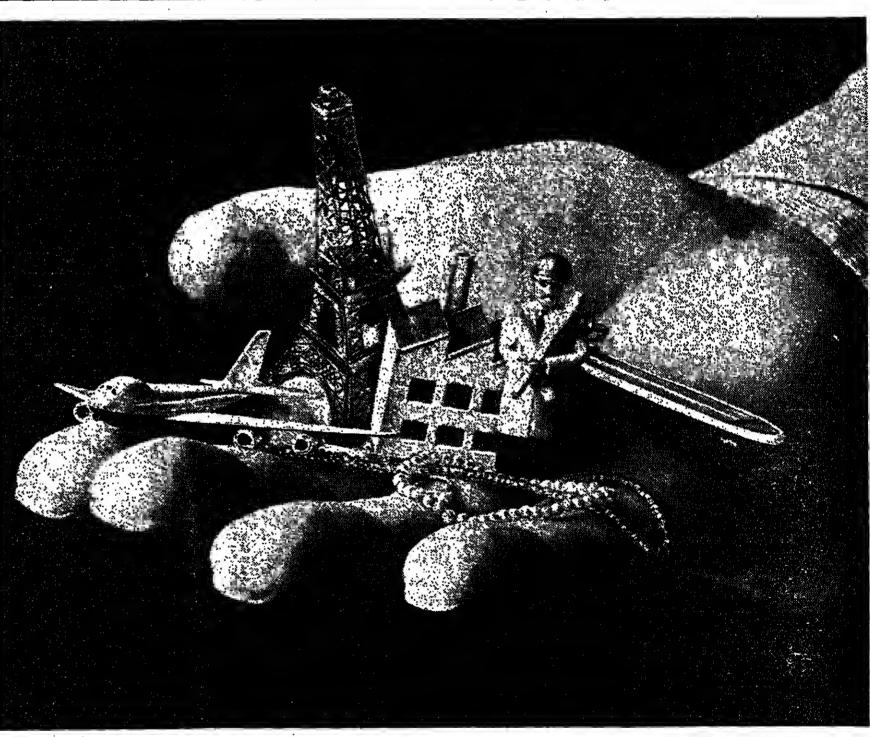
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a company collapse, meaning, continues somewhat whether the new regulations wi that provision was ineffective, the Department's handicap new companies tryid of the industry with annual report for 1976 suggests ing to break into the industry. issage into law of the otherwise. As the report it is not simply a matter of colders' Protection Act revealed, the Department used their directors satisfying the its powers to intervene in the Secretary of State for Trade

years after the passage affairs of insurance companies that they are fit and proper per-1973 Act-which gave far more frequently in 1976 than sons to conduct insurance busiform to the regulatory was the case in the preceding ness, or even of the stringent granted in the Insurance year. Formal intervention was requirements on new business

low progress in Europe

TIVITY was the sole aim of the directive to impose sides of the business vis-a-vis e of progress, then har- restrictions on existing free- the Norwich Union set-up. The second and possibly most tion of insurance within doms.

impean Economic Com- Another possible reason for intractable problem concerns should now be an the slowness is that the direc the recognition of the U.K. type dished fact. But despite tive as such is not likely to make of solvency margin. In the U.K., toing and froing within much difference to the present the margins implicit in the s, very little has been modus operandi of insurance actuary's assumptions for the d towards the hormonisa- companies. U.K. companies have valuation of assets and liabilities non-life insurance set- been operating in Western are accepted by the authorities as regards practical Europe for decades and will con- as providing a solvency margin. tions.

ugb the lack of progress deterred. The continental in solvency margin emerges as an ppointing, it cannot be surers have been introspective explicit margin following a to be unexpected. For in outlook since their formation, statutory valuation prescribed isation of insurance their overseas business remain. by law. harmonisation of two ing a small proportion of the Finally, there is the problem philosophies regarding overall insurance portfolio. The of ascertaining whether solvency te operations. The insur- immediate effect of the directive margins should be determined stems in the U.K. and will be to regularise an exist net or gross of reassurance. operate on a procedure ing situation and move towards However, the amount of life dom from Government a common supervisory system, business coming from the EEC ence unless things go In this respect, the powers con is growing steadily. Last year, In the other EEC coun- ferred upon the Department of premium income from Europe

committee. It goes before

### ropean Parliament next Outlook and there is every hope

will be approved by the The vision still held by some This means that brokers and this year or early next insurance people of a grand other intermediaries can set up this hurdle has been European insurance market as in EEC countries, providing It goes to the Councel of the dominant force in world in. they fulfil the necessary basic rs working party. Surance would appear to be qualifications. This represents while there has been several years away. Harmonisa a large step forward, hat it does rable chafing at this lack tion is o necessary step towards not from brokera until there is ress, and last March the this goal, but its fruition will from brokera until there is joyernment inspired a need a theore in outlook from freedom of establishment 6 ress, and last March the this goal, but its frintion will freedom of establishment. A sovernment inspired a need a change in outlook from UK broker, for example, can iovernment inspired a need a change in outcourt will U.K. broker, for example, can rial directive requiring the Europeans in particular. U.K. broker, for example, can amission to report in 12 The position as far as life will only be able to place on the progress made business is concerned is that the German insurance risks with a : harmonisation. Whether life directive has got completely German insurance risks with a il produce any speeding bogged down. It has been with is to be able to place the risk he snall's pace remains the Council of Ministers work is to be able to place to I. The Dutch and Italian ing party since 1975, and no This directive again nents have still not pro- progress appears to have heen regularise the position. The he necessary legislation made on three outstanding major U.K. brokers already it to implement the first issues. The first relates to operate effectively in the Fre I to implement the first issues. The first relates to operate effectively in the EEG print and the concept of life business being ierman Government has one branch of a composite is harmonisation has not kept is accepted. For the first time common practice, whereas in them out of Europe in the past, it has bronght transport general are two separate operations in that other EEC countries life and them out of Europe in the past is that did not exist EEC or life business, but not if the and the EEC. It certainly was not the both unless it separates both

In the other EEC coun-n cootrast Government Trade by the Insurance Com. totaled £195m., compared with operates at all levels. irective on the freedom sweeping than any system opera. bishment of non-life in-services has been The DoT so far has not used d by the Economic and them to any great extent. income from Europe totaled £195m., compared with £18m. at the time of joining the EEC. Most of this growth arises from acquisitions by U.K. The directive providing for freedom of services was

freedom of services was finalised last December and comes into force next June is to be able to place the risk

This directive again will Eric Short ψ.

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### INSURANCE VI

the insurance market. In the loss reflected not only a shipping markets, too many trary money is generally used writing balance) in 1965, and there are no signs that the contract in the black hy fillon. (on the portation of Lloyd's is in a training interest in the black hy fillon. (on the portation of Lloyd's is in a training interest in the black hy fillon. (on the portation of Lloyd's is in a training interest in the black hy fillon. (on the portation of Lloyd's is in a training interest in the black hy fillon. (on the portation of Lloyd's is in a training interest in the black hy fillon. (on the portation of Lloyd's is in a training interest in the black hy fillon. (on the portation of Lloyd's is in a training interest in the black hy fillon.) In 1979

Financial Times Tuesday Nursuber 29 1977

some long of the character of a securate, and they have been maintained into the hardened sioce—though not yet have been maintained into the next accounting period remains, enough, according to Mr. next accounting period remains, indeed, as serious Street, preparatory to product the maintained into the next accounting period remains, indeed, as serious Street, preparatory to product the maintained into the next accounting period remains, indeed, as serious Street, preparatory to product the maintained into the next accounting period remains, next accounting period remains, indeed, as serious Street, preparatory to product the maintained into the index of the motor market a selection of schemes for the main of the Motor Buderwriters' space. It will be the best, is the reduced during 1975, and that the public at large in terms of a competitive alternative to the next set of figures to be done. In this market will show a profit — have been trained into the inter than compete at rates with good reason. Takes in the aviation market too have been thanks in part to capital gains adopted under such chrome to its premum income in foreign currencies, and its contribution to the contribution to the

Expanding life market

for the sectional interests of its members. Any steps taken by THE LIFE assurance industry cent over the five years span, assurance world was a dramatic Some would argue, therefore, cannot afford to be left bel-the Government which affect, or in the U.K. is growing; it is but single premium business, change in marketing methods, that unit-linked has taken by old prejudices the threaten to affect, the existence also developing. In terms of while almost double the 1975 Aggressive, selling through nothing away from the tradit. Now fight the bow roles of of privately held capital are, it sheer statistics the new busi- total, actually dropped over newspapers, by direct sales tional camp, but has merely two twoes of policy have bec, claims, "inimical to the interease ness returns speak for them- the period. This reflects the forces and brokers sales forces added a new dimension to the more clearly discertable, i of Lloyd's and, hence, to the selves. The number of tradi- fall from grace of the single produced phenomenal growth business, contribution that Lloyd's makes tional life assurance policies premium bonds (property, What it also added was not a to the community" and the interest of the interest of the interest of the interest in a first the interest of the added in 1975 was 235m which equily and managed bonds) liftle had feeling in some Quilar.

Lloyd's revealed 15 months ago provement on 1972. New annual major unit trust groups. with profits policy which pays

with profits policy which pays

to the community." sold in 1976 was 2.35m., which equity and managed bonds), little bad feeling in some quar-It is a curious fact, however, is at a rate 61 per cent. up on which caught the public's ters over the commission rates that despite the real threat to 1975, but 124 per cent, bigher imagination in a blg way in being offered to agents to attract privately beld capital 'rom both than in 1972. More significantly, the late 1960s early 1970s the business. economic recession iod egan the premiums on the new and which oow appear to be re-larian legislation over the past annual business last year gaioing their popularity. meant that policyholders have finally been won over, which is indispersible when a side from just physical returns were genered to the per-ter offices such as the Phoenix pro-ter offices such as the Phoenix proapplications to join reached a cent. over the previous 12 the structure of the business, equities, but the specific proper lar organisation strengthened unit-linked contract, is in the first unit-linked policies ties and sbares. This naturally its grip with a take over of the volatile and will fluctuate the structure of the business applied whether these its grip with a take over of the volatile and will fluctuate the structure of the business applied whether these its grip with a take over of the volatile and will fluctuate the structure of the business applied whether these its grip with a take over of the volatile and will fluctuate the structure of the volatile and will be structure of the vola

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offered in tandem by the same offers a slightly specul: ignored the anti-linked upstates element. But it will never 

small and highly respected the stock market, prop Property Growth Assurance silt-edged, or whatever a the ... stock market; prop the policy is linked to, it is c unsuitable for such a set-DUIDOSE." The only factor that is li

to change that view is if an arrived But the exercise which has actuarial profession comentariation prompted some of the other a problem that has had were more recent entrants to part tied up in knots for some traits more recent entrants to part tied up in knots for some traits made ticipate . is the success of With the stock market, " Vanbrugh a subsidiary of no property, even gilt-edged, less an institution than Pru subject to wider swings, it problem, particularly where Selling exclusively through to policies, to exactly mat insurance brokers (apparently a sensible reserve, this rule is adhered to 100 per

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### 24

## Quiet confidence at Lloyd's pp

THE DAYS when Lloyd's went ness for lack of the capital base go, and claims that it is essent marine business. Except where in 1973 — in most classes of Lloyd's underwriters may to some lengths not to talk to to support it. In profit terms the tial, that underwriters continue the underwriting can be done business at once. temporarily put out by the I the rest of the world are non-marine market seems to to take a hard line on rates, at rates which are holding or Inflation and the fall in the of revenue which a loss of but the take a hard line on rates. gradually being left behind, have bit its nadir last year, when "for only out of worthwhile even improving-in the case of pound-obviously an important ness entails, but there are Individual members may still be the disastrous experience of profitability will true long-term some modern tonnage - the factor when so much premium signs of any real desponder somewhat reticent in discussing 1974 (taken in during 1977, additional capacity emerge." choice lies between using money income is derived from over in any of the markets in wh their business, but the institut under Lloyd's three-year. In the marine market the tion itself, as its evidence to the accounting system) produced a problem has been not under. Wilson Committee lost week lose of 5 2m for this market and their own skills and their own skil tion itself, as its evidence to the accounting system) produced a problem has been not under-Wilson Committee last week loss of £5.2m. for this market capacity but the contrary. With clearly indicated is maly top as a whole after allowing for the transformed of their own skills and their o clearly indicated, is nuly too as a whole after allowing for the level of business in any case syndicates there is ever money Lloyd's has been into the red financial strength, but in the happy to discuss its functions in investment income. diminished by the slump in the membership is that on the new membe

tutions, of course, Lloyd's has trophes against which much of such ousiness as there is to ment return, whether through same basis) in 1973. A stronger thing but an expansive moot an interest in preventing its the underwriting in this market make for a healtby rate struct ment return, whether through same basis) in 1973. A stronger thing but an expansive moot an interest in preventing its the underwriting in this market make for a healtby rate struct the premiums trust fund, the pound and continuing inflation. Part of the administration the premiums trust fund, the pound and continuing inflation. Part of the administration more of an interest than most the 1974 fibrancial crisis in the the small aviation) account at prefit of the administration reserves, or as part of the "show between them mean that the recently been moved out are preserves, or as part of the "show between them mean that the recently been moved out are preserves, or as part of the "show between them mean that the recently been moved out are preserves, or as part of the "show between them mean that the recently been moved out are preserves, or as part of the "show between them mean that the recently been moved out are preserves, or as part of the "show between them mean that the recently been moved out are preserves, or as part of the show between them mean that the recently been moved out are preserves, or as part of the "show between them mean that the recently been moved out are preserves, or as part of the "show between them mean that the recently been moved out are reserves, or as part of the "show between them mean that the recently been moved out are reserves, or as part of the "show between them mean that the recently been moved out are reserves, or as part of the "show between them mean that the recently been moved out are reserves, or as part of the "show between them mean that the recently been moved out are reserves, or as part of the "show between them mean that the recently been moved out are reserves, or as part of the "show between them mean that the recently been moved out are reserves, or as part of the "show between them mean that the recently been moved out are reserves, or as part of the show between them mean that the recently been moved out are reserves, or as part of the show between them mean that the recently been moved out are reserves, or as part of the show between them mean that the recently been moved out are reserved. The move is the hear future.

and its contribution to the recovery still has some way to underwriters who specialise in an upturn such as that seen ness has gone elsewhere.

country's invisible earnings has risen from £14m. in 1965 (the first year for which figures are available) to £279m. in 1976. All this emphasis upoo the

greater good has not, however, prevented Lloyd's from putting In a grave if muted plea as well

for the sectional interests of its

will be just under 4,000 names The figures relating to the broke on to the scene in the has applied whether those in the book at the beginning of fast-expanding unit-linked side early 1960s pioneered by groups assets, have risen nr fallen. 1978. of the industry are perhaps like M and G. The mantle of There bas been no actuarial in-That should do something to even more impressive, though growth was taken up by Abbey fluence to smooth out the bumps: solve the problems of under on a lower base. New policies Life and later Rambro Life Naturally, the overall im-capacity, iosofar as it still exists, issued last year amounted to which sold millions of pounds pression created is that the units in the non-marine market. The 474,000-a 16 per cent, jump worth of unit-linked business. linked policy is in some way, situation here bas eased since over 1975 and 26 per cent. Im. They were joined by most of the more risky than the traditional

it all that Lloyd's is suffering for single presilum contracts- growth, gratifying as it is, there formance of specific inderlying yet. On the contrary, oderd, gains of 24 per cent, and 94 per bas been a fundamental shift in assets: not just property or

New era in pensions

NEXT APRIL sees the start of portion of these will be with a all; life companies spent several tion systems that have been set de new state pension scheme life company. The future of the months training their pension up are likely to undergo severe un



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as set out in the Social Security life assurance industry as inspectors in the intricacies of strain and problems will inevit. cent.). Vanbrugh has been to the conclusion that the Pensions Act 1975. It heralds regards providing pensions the new scheme and ensuring ably arise. This aspect of the described as the fastest growing no answer. The way to so the dawn of a new era in pen- locks bright. Several life com that each client had the alter new pensions arrangements has life assurance company in the nut the ding and he in a sions, since the scheme brings panles have reported increased natives fully explained. earnings-related pensions for group pensions business at the Tbis in itself required a con- as the starting date draws single premium business was everyone except the self- half-yearly stage this year. siderable effort. The contract- nearer there is a growing feel- up by 300 per cent. and this employed, for whom this What does a pension scheme ing-out terms are finely balanced ing of apprehension, about the year a further gain of 40 per that the top in a bull market

whet does a pension scheme ing-out terms are finely balanced ing of apprehension, about the year a turther gain of 40 per turk top in a built market through a life company offer so that each case has to be administration aspects, and cent is confidently anticipated but to do that would run the employer seeking to provide looked at iodividually before fingers are being crossed. This sort of growth is impressible to do that would run full carcle. The growing member involves advice can be given on whether to stay in or come out. Life ment mentioned above will others have followed, such as ending up with traditional, advisory service. The 1975 Act, books-moslly a legacy from the schemes. Employers can continue the advisory service. The 1975 Act, books-moslly a legacy from the schemes. Employers can continue the advisory service. The 1975 Act, books-moslly a legacy from the schemes. Employers can continue the advisory service. The 1975 Act, books-moslly a legacy from the schemes. Employers can continue the advisory service. The 1975 Act, books-moslly a legacy from the schemes. Employers can continue the advisory service. The 1975 Act, books-moslly a legacy from the schemes and company service. The 1975 Act, books-moslly a legacy from the schemes and company service. The 1975 Act, books-moslly a legacy from the schemes and company service. The 1975 Act, books-moslly a legacy from the schemes and company service. The 1975 Act, books-moslly a legacy from the schemes and company service. The 1975 Act, books-moslly a legacy from the schemes advisory service. The 1975 Act, books-moslly a legacy from the advisory service. The 1975 Act, books-moslly a legacy from the schemes advisory service. The 1975 Act, books-moslly a legacy from the schemes advisory service. The 1975 Act, books-moslly a legacy from the scheme advisory service. The 1975 Act, books-moslly a legacy from the scheme advisory service. The 1975 Act, books-moslly a legacy from the scheme advisory service. The 1975 Act, books-moslly a legacy from the scheme advi schemes. Employers can con- like most legislation these days, books-moslly a tract-out of the earnings-related is extremely complex, made Boyd-Carpenter schemes. Employers can con-like most legislation these days, books-mostly a regary from the ces. Regular benefit statements one view taken appears to be same. And after all these is there is the portion of the state scheme and even more so by the efforts of scheme-providing very low life companies, with their com-provide earnings-related pen- the pensings may emet. in levels of benefit. Each of these puterised systems, should be and cormercial to satisfy that if the life companies played schemes needed to be dealt with sole to meet this increasing and cormercial to satisfy that if the states the sole to meet this increasing and cormercial to satisfy the states the sole to meet this increasing and the states the sole to meet this increasing and the states the sole to meet the s company which the life companies played schedes needed to be dealt with sole to meet this increasing need. In other words, they pension scheme. assurance industry has for the employer was not entering employer's inteotions. many decades provided a com- an open-ended commitment in plete pensions service in setting up his nwn pension hesitated to advise employers. Finally, the life companies employers—offering a viable arraogements. It needs full to remain in the State scheme provide an investment service alternative to the self-admiois- time experts to explain the Art where it was to their interests for the employer, possibly the tered scheme. and its consequences All indications are that many employers.

out of the State scheme and companies can afford the ser, have been advising small com. result in employers having th provide pensions through a vices of a pensions consultant panies, usually with less than pay heavily for mistakes. The company scheme. A survey by or a consulting actuary to advise 25 employees, to stay in the the Company Pensions Informa- them. But the smaller em- State scheme. tion Centre estimates that at ployer has to rely very much The most notable change in least 11.000 schemes will be on the advice provided by the the pensions field has been the contracted-out and a high pro-life companies. Most, if not awakening interest in pensions

CONTINUED ON

NEXT PAGE

books-mosly a legacy from the mation being given to employ- General. graduated ces. Regular benefit statements

Some life companies have not information. hesilated to advise employers . Finally, the life companies to to do so. The leading pension most vital function of life comcompanies-Legal and General, panics. Bad or indifferent inemployers lotend to contract. The large and medium-sized Prudential and Standard Life- vestment in pension funds can investment expertise offered by life companies is derived from decades of active participation

in the investment field. Since benefits are now linked

by employees and a growing in- in final salary or revalued average salary, pension liabilivolvement by trade unions. ties will rise with inflation. Under the Act employers have Furthermnre, since such liahili-tics are funded over the workto consult with their employees and unions over the decision to ing life of an employee, contricontract-out. The experts have butions have to be invested in been very much involved in this assets whose value will match salary and price inflation. This

The next service offered by life companies in the company pension field is administration. Company pension schemes are

set up under a trust deed. The bencht levels have to be approved by the Occupational Pensions Board to ensure that they conform to the minimum requirements for contractingout, while the Superannuation Funds Office of the Inland Revenue bas to agree that the benefit levels do not exceed its

It is an administrative maze in which the unwary can easily get lost. The life companies, through years of experience have learni how to cope quite effectively with pensions administration. A significant proportion of schemes which have already received their contracting-out cortificates are schemes arranged by Standard Life, a company which got its benehis structure and trust deeds snrted out with the OPB comparatively carly. The Legal and General is now affering administration services to selfadministered schemes. Once the new State scheme

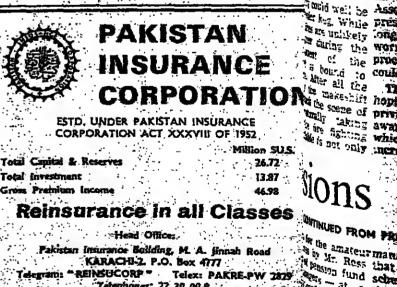
gets under way the administra

nut the dips and be in a teoded to be overlooked .But entire business. In 1976, its tion to give maturity guara: is to slice some of the galt

dential Assurance

Legal and linked life point purposes the rears in all intents and purposes the rears in those of Pusterable beer

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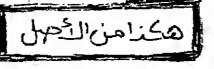
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**INSURANCE** VII

## Impressive record in invisibles

is. The expansion over the this year. couple of years has . cer-· been remarkable but now is less certainty about the ects than in the recent

e impressive record of the decade bas been achieved ance centres. However, continuing importance of

A LEALER STATE

mt about two-thirds of non- categories of contributor to the trialised countries. premiums come from earnings of the insurance sector ad, while the proportion is -- the companies, Lloyd's and insurance sector's overseas earn- anging 25 nor early altered as , than three-quarters for the brokers. The companies are ings arises from the overseas d's underwriters. The the most important and trading activities of the insur. to the recent change. ing insurance brokers also accounted for £307m. out of last ance brokers. Their involvement in the majority of their year's total of £740m.; this con. overseas has expanded rapidly

pce nuch higher than earlier from portfolio investment. The mment estimates at £307m., brokers\_earned £154m. er than £173m., with the re-

that the total net insurance Sources . pated at £740m.

his represents a 150 per are a number of different panies were generally confident insurance. increase in net insurance sources of earnings from over- about a rise in earnings during ings since 1970 compared seas business. The first consists 1977 because of increased a rise of more than 180 per of the income from trading investment income, a general in the period for the total operations in the form of profits expansion of business and brokers. As discussed earlier, partnings of the City (faster and losses, The underwriters- better underwriting results. average growth came from whether insurance companies or However, Sir Francis noted initial beneficiaries of a fall in ing and 'commodity Lloyd's syndicates-receive the that the most controversial the value of sterling. However ing). Nevertheless insurance premiums for the risks taken on item was the effect on earnings the sharp recovery in the poun ng). Nevertheless insurance premiums for the risks taken on them way ind curve of sterlings the sharp recovery in the pound accounts for 44 per cent of the pourfolio, out of which they of the falling value of sterling during the past year bas signifi-City's total invisible cannon must meet their expenses, and with some companies thinking it contry eroded this bull point for and on its own is equiva, then pay claims arising from would, he positively harmful the brokers; as has been for about 15 per cent of the that business. belp. It is necessary to dis-price performance. Moreover in manufactured goods. This business is either under-taken as an overseas risk and the long-term effects. It is necessary to dis-price performance. Moreover taken as an overseas risk and the long-term effects. The taken is also a limiting factor trade is also a limiting factor is of years has been helped solely operates in this way—or that, "while in the short-term a of the marketing drives of many the of years has been helped solely operates in this way—or that, "while in the short-term a of the marketing drives of many

INSURANCE industry has premiums and by higher invest- sources of income for tion to the balance of pay- though less spectacular growth invested uotil the claims have This

sisted of. 544m. from under in the last decade and since 1970

industry-including written in the U.K. figun have risen by more than three Although premium income has ters and Lloyd's as well as from direct investment in the bencheiarles from the impact of panies-grew from £296m form of profits from overseas any decline in the value of the longer-lerm impact when losses 1606m between 1970 and business written outside the sterling on premiums income come to be paid-accounting for seconding to the Govern- U.K. through subsidiaries and and also from the impact of in- the calls for the further expan-Statistics in the annual branches, and £73m. from port- flation. The recent good results sion in the capital base of the The Book on the balance of folio investment. The Lloyd's of both the brokers and Lloyd's syndicates. ments. However a later contribution last year was has also reflected a recovery of nate by the British Insur £279m, of which £249m came the North American merket foreseen in marine and aviation Association of the earnings from underwriting on overseas with good business again being while the motor business bas - asurance companies in 1976 business in the U.K. and 230m. writteo on profitable terms.

> 111 224172 .....

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he fall in sterling which is passed through subsidiaries falling pound increases the companies. had an immediate effect on in, the country where the value of overseas earnings in his from abroad, and by the business originates. The latter, sterling terms, in the longerict of higher inflation on is, for example, one of the main term there are very consider-

able risks for insurance com several years been the ment income resulting from composites, notably in the U.S. panles which can still occur. .. st single earner of the generally high interest rates. In Secondly, the insurance sector This is because insurance com-threship earnings as the 1976, for example, the net earn- carns money from investments panies are not allowed to coneas income of financial lngs of insurance as a whole held overseas - cither by the vert assets from sterling into milions is known-and as rose by more than 60 per cent, companies or hy Lloyd's. This foreign currencles to match it bas made a growing con- and there has been continued, arises from premiums which are fully their overscas liabilities. has caused substantial

A survey at the beginning of investment income is usually inreign exchange losses for the summer by the Committee ceived on reserves held abroad by the growing volume of m Invisible Exports indicated — for example, on Wall Street business carried out in for the to he paid, and there is usually inreign exchange losses for a 25 per cent, rise in the net The investment income of the currencies were recognised by overseas earnings of the major companies is relatively much Government U.K. service industries during more significant at \$73m., com- relaxation of exchange control 1977. It specifically referred to pared with £30m. for Lloyd's, regulations. Insurance ite of intense and growing bright prospects for insurance because of the much larger panies, in common with hanks brokers and companies, though reserve funds. In both cases, and merchants, are now being this must be qualified compared investment income rose sharply allowed to relain rather larger ress business for London as with the bnoyant optimism of a in 1975 and 1976 benefiting amounts of foreign currency as from the generally high level of reserves. For insurance com-in by the fact that at There are three distinct interest rates in most indus panies, the changes have meant that they will be able to match

The third main source of the fully their liabilities in foreign against 75 per cent allowed up

Caution

pess from shroad. sisted of 544m. from inder their net earnings from overseas affected Lingd's underwriters, have risen by more than three Although premium income has have risen by more than three Although premium income has

Little improvement bas been

been edversely affected by the The different sections of the pressure on the capital base industry bave varying views on caused by the effects of infla prospects, as was spelt out in a tion on premiums within the speech on the outlook for 1977 U.K., leading to a cutback on by Sir Francis Sandilands, the overseas business. The pros chairman of Commercial Union. As these figures imply, there He pointed out that the compects appear to be rather better for Lloyd's general non-marine

The best growth performance and ontlook has, until earlier this year, been among the they have been the majo

Peter Riddell

Economics Correspondent

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## Fire hazard alert

STAGGERING increase in limited but often out of date. the strike was intimated there building designs and the cost of fire over the years. Having said this there has not has been a noticeable increase material used. And the Royal been giving considerable been any major fire, apart from in fire insurance particularly Institute of Architects has in the for concern both in in that at the power station at from the householder—could corporated design to combat fire by and the insurance sector. Tilbury, since the firemen serve to check the possible rise in its teaching.

to the beadaches.

dect industry could well be Association, while obviously ex-volume rather than bigher architects the cost of fire is on a powder keg. While pressing concern over a pro-rates is naturally more accept damage remains at disturbing number of fires are unlikely longed strike is not unduly able all round. The fire statis levels. The latest monthly is any higher during the proceedings. But one major fire industry and the private sector Insnrance Association which is taking more precautions. The cover September reveal an instrance companies themselves estimated cost of £18.7m. This have severe. After all the The insurance sector is clearly fire is naturally taking awareness to the risk of fire meant available is not only increase in new business—since

## ensions

### CONTINUED FROM PREVIOUS PAGE

theme chosen by Mr. Ross that eelf-administered pension complexes which together with ing more than £20,000 with the sey, doyen of pension fund schemes can do some or all of the expansion in such areas as total demage at £17.2m. The Reinsurance in a iment managers — at a their investment in such media, the petro-chemical industry textile industry suffered from "It pensions' conference, making use of the investment have led to an even greater 45 fires with the total damage is companies provide invest- expertise of the life companies, potential risk factor and the pos- at £14.1m., while there were a

their investments, easily valuable option to commute in turn the FPA co-ordinates

tments by purchasing the tracts available to the self-

anies just offer a mixed become more

Missis Int.

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clients give life companies sear in 1978. discretion as to the investmanagement. The use of

ne, where benefits have a Legal and General property fund anothe never be intgutted. mum guarantee, then the now exceeds £200m. Adivisory aments are held in a com-prool a mixture of equities, get pothing from the State beyond the basic pension, and have to make their own pro-times and property. The beyond the basic pension, and have to make their own pro-singurant of effort into the elimi-interest and property. The beyond the basic pension, and have to make their own pro-vision. The most tax-efficient nation of fire risk. The method is through a pension insurance companies and Lloyds method is through a bife commany, provide the bulk of the finance is do not mean that the contract with a life company. provide the bulk of the finance impany accepts the infla-The contract with a site company. Provide the bulk of the finance in a company accepts the inflamany employers like to at the investor's top rate, invest- tion.". The FPA is a 'central volved in some aspects of ment is made in a tax-exempt advisory organisation providing we in some aspects of fund and the ultimate pension is technical and general advice on nt strategy, or at least fund and the ultimate pension is technical and general advice on

managed funds on a part of the pension for a com- the Fire Lisison Panels: which basis, so that the pletely tax free sum. scheme makes its There is a wide range of coniments by purchasing the tracts available to the self- and the fire fighting services. red number of units in the employed - conventional con- The amount of information priete funds. Some life tracts with high level guarantees already published by the FPA anies offer a complete or linked to units of a variety is very comprehensive. Indepth of funds - equity, of funds. This type of analysis of fire risks has been erty, fixed-interest, cash and individual pensions business is carried out in particularly iture of all four. Other life booming as the self-employed vulnerable industries and the pensions findings together with the most

fremen's strike can only started their industrial action in rates. Increased insurance However, despite these closer the beadaches. As such the British Insurance premiums by way of a greater links with industry and the deed industry could well be Association, while obviously ex- volume rather than bigher architects the cost of fire

after all, been putting an even to date at £166.1m. which is greater strain of the various about £22m. lower than at this fire protection authorities and stage in 1976.

The latest detailed figures it should be a matter of course that industry steps up its efforts evailable are for 1975 and to combat this growing threat, these show that the engineering The need to become more com- sector suffered more than any petitive in industry had led to from the damage caused by fire (ot an area for the amateurmanaged funds has also meant larger factory and warehousing There were some 99 fires costservices in meny forms. The property funds have been sibility of another catastrophe staggering 163 fires in miscel-employer has an insured particularly sought after—the on the lines of Flixborough laneous services such as the where benefits have a Legal and General property fund should never be forgotten. bonses and the total cost bere

there were 16 fires costing over fim. These figures themselves are distressing enough reading

but even more so is the fact that over .40 per cent. of all fires are started deliberately by children and adults. What is more these are only the cases where it can be proved that are spread through the U.K. These panels consist of members malicious damage took place. Malicious damage is regarded as the chief growth area. from the insurance companies

While the figures for the current year so far do suggest a reasonably encouraging trend, there are bound to be a few antious moments in the insurance sector while the current dispute continues. But at least where just oner a mater become more pensions findings together with the most dispute continues. But at least conscious. The life companies, efficient ways of eliminating the state in the last monthly figures investment, media and life are reporting buoyant sales this form where will discuss invest year, following a successful progress has also been mede the association's plea for a by the insurance industry, the association's plea for a by the insurance industry, greater attention to fire dangers, through the FPA, in setting up David Wright E.S. some form of guidelines in

and the second second

# Didn't we OWP

Over the past 12 months our Managed Funds have done

remarkably well. And none more so than the Equity & Law pensions Mixed Fund: according to a recent report<sup>\*</sup>in the Financial Times it was the top performer for the year ending 30 September 77, with a gain of no less than 69.6%.

2	70			
	60		EOUITY	
	50	ALEDACE	& LAW MIXED	
1	40	AVERAGE	FUND 69.6%	
	30	FUND 54%		
	20			
n	10 R.P.I.15.6%			
	Figures as from Fir	nancial Times	s 1 Nov. 1977	-

This is not only much better than the 54% average increase for others in this category, it is also, as you can see, substantially better than the Retail Price Index of 15.6%.

And it's not simply a flash in the pan either. Another leading journal, The Savings Market<sup>†</sup>, also listed this fund as being the leader over the last two years, and in second place over the last 5 years.

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## INSURANCE

## Integral role for he broker

sequement of any claims that a solution, an accountant and manness the conduct can only imposed from the U.K. author may arise. This process is a consumer representative. A code of conduct can only imposed from the U.K. author applicable whether it is a The responsibilities of the he meaningful if offenders are ties. The other notable feature massive oil rig or a private Council include the laying purished rigorously. The Regi-house that is to be insured. The down of educational standards stration Committee is empow- within the insurance broke house that is to be insured. The down of educational standards stration committee is empow- within the four exist

nodern insurance operation.

broking profession. Anyone can set up as an insurance broker, irrespective of qualification, expertise, financial status or they bave the required profes. for any one to trade under the integrity. In dealing with com-is empowered to raise a fund pany insurance problems any-one without the necessary event of the failure of a regis expertise or financial backing event of the failure of a regiswill not last very long. But tered broker by means of a carry on as at present. Sullift where the general public is con-cerned the way is open for abuse and bad advice. In fairness, it should be routed out that the when anyone deals with some-

in general been excellent. The broker, he can have confidence came law in July, will impose a the broker makes a serious mis-well as large discipline on the profession and take leading to financial loss, or

persons and organisations wish- vent. ing to trade under the title of insurance broker. The Gov- Code

ernment gave the insurance brokers the chance to regulate themselves and they took the British and Mr. Jack Page, the Mem- will at all times put the client's to register and comply with the a special Registration Council for whole life non-profit busi-ensure that the consumer gets

INSURANCE IS a complex sub- BIBA, with one of them as time cases have been brought stifling him with restrictions. ject, requiring first an assess- chairman, and the other five are to light, usually in the Press, the other end of the scale, the ment of the insurance require appointed by the Secretary of revealing where brokers have broker getting overseas busine ments, then arrangement of the State for Trade. Included been receiving very high com- can continue to operate in with necessary cover and finally among the latter members are mission rates for channelling is a very tough, market with settlement of any claims that a solicitor, an accountant and business through one company. any further burdens A code of conduct can only imposed from the U.K. author

Financial Times Tuesday November 29 1977

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nouse that is to be insured. The down of contractional standards stration Commettee is composed within the four entities services of a professional inter- and minimum experience quali- ared to establish a sub-industry is that the four entities is mediary are usually needed and fications, the setting out of committee that will investigate professional bodies has often they are essential. The minimum financial standards complaints and if a breach of decided to wind-up and let insurance broker, large and and the drawing up of a code the code is proved take fust, one body—BIBA—as is small is an integral part of the of conduct for brokers. It will attending action of this can brokers' professional ergant. small, is an integral part of the of conduct for brokers. It will disciplinary action. This can brokers' professional organi also be responsible for ensuring include the ultimate sanction of them. The structure of the BL Yet up to now there has been that the necessary financial at removal from the register, in is to be a series of region that the necessary financial at removal from the register, in is to be a series of region control over the insurance counts are prepared so that an effect taking away the means of committees, with a high degraded broking profession. Anyone can be examined, All persons register and a matters. The central high degraded by the means of autonomy to deal with he register. would deal with such matt

and registered, and sufficient

Brokers will not have to insurance brokers. , Registral and bad advice. In taimess, it when anyone deals with some and that the small broker will is quite sufficient and it is, should be pointed out that the one trading as an insurance only he able to operate as a scondition for registration t in general been excellent. The broker, he can have confidence grace and favour act from the applicants' should join. 2 few cases of dishonesty or in- that the broker has the neces-fiew cases of dishonesty or in- that the broker has the neces-big boys. Mr. Francis Perkins new body, will have few cases of disbonesty or in- that the proker has the never big boys. All transfer and his staff have been at great demonstrate to brokers that competence that have been any qualifications and experi- and his staff have been at great demonstrate to brokers that monthed have tended to convey ence to advise on insurance, pains to refute this suggestion, can provide a service for the monthed have tended to convey ence to advise on insurance, pains to refute this suggestion, can provide a service for the the wrong impression of the that the business is run on They insist that each applica and that there are advants. overall state of the profession. sound financial lines and that tion will be handled on its in belonging to a profession But now the profession is the broker is offering sound merits. The BIBA appointments body. BIBA has already set going to he subject to control unbiased advice. The public will to the Registration Council show a committee to deal with The Insurance Brokers (Regis- also know that they will be that there are small and problems of small brokers tration) Act 1977, which be compensated for any losses if medium brokers represented as What is not known at

set out minimum standards for if he absconds or goes insol- is just how many persons will only one "important sector AC the actually register insurance selling. If the at moment there are about 3,000 to provide consumers with a members of the fair profes deal in insurance matters sional insurance broking bodies the direct selling insur But as far as the public is and it is expected that most if intermediaries need to be or concerned, the code of conduct not all, will register. The unit ised. The Government has

opportunity with both bands, will be all important. It is not known quantity remains those put its plans for control of Now, thanks to the efforts of yet known precisely what it will, individuals who, trade, as the ployees and agents of insur-Mr. Francis Perkins, chairman contain, so final indgment will surance brokers, but who have companies in its White Pa of the British Insurance have to be reserved. But the code never bothered to join any the idea being that the Brokers Association (BIBA), must ensure that the broker organisation. They may decide panies should be prime responsible for these staff. sored this private member's Brokers may protest that they change the title under which surance Association and the Bill, the brokers have now got have always done this. But in they trade and carry on as Offices Association has a self-regulating system under life assurance it is perhaps before. The brokers will only have the consumer will not be the eye of the authorities. significant that since the comp. The brokers will only have the consumer will not be Under the Act, all those wish mission scales were changed themselves to blame if the trade if only one sector o-ing to trade as insurance bro-last year, resulting in much system fails through persistent intermediaries is regu-kers will have to register with lower commissions being paid abuse. The procedure should while the others continuoperate as before.

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insurance business is out

up, in satellite insurance

the first communications.

lite, Early Bird, was launch

1965, the number of satelly

all kinds launched into

has risen substantially, if likely to go on increase

new uses for these device

Some of the Individual

telecommunication

found.

accident can run to bundre. millions of dollars, especia

tific

Last year, the dry weather cost General Accident nearly £5 million in additional claims.

So how much have we put by for a rainy day?

Last year it was subsidence claims. This year it could be storm. damage or flooding.

The important thing is that whatever a rainy day brings, General Accident will have the resources to meet its obligations to the full.

That's because we make sure what we have in the kitty always includes a margin to spare, over and above what we have to pay out in claims and benefits.

What's more, the law stipulates that this "margin of solvency" must not fall below a minimum figure. So, as our premium income grows we must earn sufficient profits to help keep it at a safe and secure level.

Which shows the essential part that profits play in the growth of our business. They are nothing less than our policyholders' protection.

At General Accident, our solvency margin is currently over five times higher than the required minimum. But as our Chairman, Hervey Stuart Black, says in his last Annual Statement: "Together with a higher standard of service, security must continue to be our creed."



Honestly, it's the best policy. General Acident Fire & Lije Assmanze Corporation Limited, General Building, Penth, Scaland PH1 5TR

## Aviation business

THE WORLD aviation insur situation, and would like to see the world airline industry is aided through the exchange ance market is at present a reversal of the trend. The increasingly to re-equip with information and experi-characterised by increasing U.S. market in particular, while new wider bodied jets, each among carriers. It is imper competition for the available continuing to fight for as much carrying more passengers, while that legal barriers, to business, with the result that business as it can get; sees that phasing out the older inarrow- activity must be removed. rates are tending to drift down- further significant reductions in hodied zircraft. It is significant declared. wards, although the premium premiums could be damaging in that in recent years the overall income itself is increasing as the long term to the whole number of scheduled jet airworld airlines introduce greater aviation industry. liners in the world commercial numbers of blgger and more Bnt so widely dispersed is the airline fleet has remained fairly nore expensive jets market that it is almost in the airline fleet has remained fairly world airlines introduce greater aviation industry.

show that in this situation writers and companies to put of 1976 it was 5,597), but with-aviation insurance business is business without risking loss of in that total the number of increased substantially, how parallel amounted to close to £134.4m.,

premiums Serious

فكداهن الأجل

In this situation the London annual report of the Interna- world airlines' recent annual insurance market is concerned tional Civil Aviation Organisa- meeting in Madrid. lest there should be either an- tion the number of fatal accilest there should be entoer all tion the number of fata acci-other "Tenerife" situation (in dents to scheduled passenger which two fully-laden Jumbn airliners per 100,000 hours jets chlided on the ground), or flown, at 0.15, was the lowest He pointed to legal develop-a succession of accidents involv- for 20 years. In terms of pas- ments in some countries which ing large airliners. At a time sengers killed, 1976 was not a are reducing the effectiveness of the lowever. With 726 the LATA's own safety-informa-

nature can wipe out up to half fatallies, but it was still contion scheme, upon which of the gross premium income, a siderably better than the worst depends the airlines own efforts succession of such accidents years of 1974, when 1,299 were to improve safety by getting to would create a serious situation killed on scheduled services, know all the causes of various inceed for the world's insur- and 1972, when 1,402 were accidents. Mr. Hammarskjold ance markets.

would be for the underwriters rate in terms of bours flown in an accident appears to have and insurance companies to appears to be improving, but been replaced by the principle raise the premiums paid by the the Tenerife accident may well that any accident anises through airlines. But this is easier said worsen the overall passenger a "mistake," and the courts than done. Throughout the fatallty figure.

competition for the available world aviation insurance market sons "guilty" of the mistake business, especially from coun- have still not been fully felt. This doctrine of infallibility tries whose insurance markets while the two airlines have has led to a situation where airhave not traditionally spe been reimbursed for the loss of lines, are reluctant to submit cialised in aviation business but their aircraft, there are still accident reports because these which now see in it the possi-outstanding various passenger may be subpoenaed as evidence which how see in it the possi- outstanding varions passenger may be suppoended as evidence 1970s. The insurance of bility of future profitability as liability claims which may take of a prior mistake that is now 1970s. The insurance of world air transport continues to a considerable time to settle, being remedied," said the loss of just one satellite expand in the 1980s and be and the total insurance bill for Hammarskield. "According to substantial — anne \$290 yond, albeit at a slower rate Tenerife may run to hundreds 'doctring,' the mistake should paid out, for example i than in the halcyon days of the of millions of dollars. While the never have occurred in the first days of the European 1950s and '50s. This compute world insurance market to place." 1950s and 60s. This competi-world insurance market is place." 1950s and 60s. This competi-world insurance market is a Secondly, arlines survice (C13) being be soaring costs in all other areas marginal, that it is doubtful Any explicit refere f civil aviation. whether it could cope with even weaknesses and appropriate There are signs on the hori- one wide body jet accident remedies would be damning of civil aviation.

ron, bowever, that some of the annually, without some increase according to the doctrine. The other major aviation underwrit in premium income. pursuit of improved safety star-ing markets besides London This point is particularly dards and proceedings for air recognise the dangers in this important, since the trend in transport is

Yet another increasing ar interest in aviation insuran that of "product liability t

iore expensive jets. market that it is almost impos- constant between the 5,000 and Figures issued by Lloyd's sible for individual under- 6,000 aircraft-level (at the end

composed of 17 members. Of ness, very little of this type is a professional service from an these 12 are appointed by the now being sold. From time to insurance ' broker without

business, while it is equally wide-bodied jets has risen subonly marginally profitable. difficult for individual syndi-stantially, with over 306 Boeing, been cases of aviation accid full year for which figures are cates to achieve an interna- 747 Jumbo jets; over 140 Locaavailable), aviation insurance tional agreement on the need heed TriStars, and more than available), aviation insurance tional agreement on the need heed TriStars, and more than premiums paid to Lloyd's mem-for an increase in premium 230 McDonnell Douglas DC-10s bers rose from just over £6m. rates. At best, it seems that in service. The trend for the bers rose from just over £6m. Tales. At best, it seems that in our is almost certainly going failure of a minute part to to about £139m., reflecting the the London market itself must future is almost certainly going failure of a minute part to to about £139m., renecting the continue to seek business to be an increasing number of aircraft instrumentgrowin in the work air trans- wherever and whenever it can passengers carried in wide the instrument manuface port business in that period. get It, while conducting in bodied jets, especially on long- liable to heavy damages. Evicturing a behind-the-scenes haul flights. ever, and in 1974, the claims campaign to improve premium . There are other concerns

income through higher rates. over the whole question of becoming hig business, wit In this situation much in-safety, however. One of these London market once again. or some 96.49 per cent. of net terest focuses npon the overall was voiced by Mr. Knut Ham of the leading proponents of a world aviation accident rate. marskjold, director-general of class of activity. At a time This appears to be improving, the International Air Transport-According to the most recent Association (IATA), at the

when any single accident of this good year, however, with 726 the IATA's own safety information nature can where out up to half fatallities, but it was still contion scheme, upon which nce markets. One way out of the problem killed. So far as the current said that the past need for a year is concerned, the accident plaintiff, to prove "negligence"

rogrammes - are enormous sums merely have to sift the evidence national Intelsat V progr world there is considerable The effects of Tenerife on the end nominate one person or perof satellites for world tele and

doctrine of infallibility' example, is as or more than the whole of Western world's insurabl lite programmes up to the

> -specialist work in this which is seen as having & unlimited potential in the

> > Michaeleus

OCIETY TO-DAY

VIII

Who needs the Tory Party?

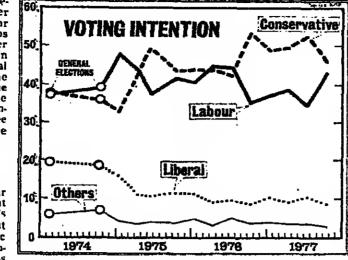
QUESTION has to be the Conservative Party?" Be-i: what is the purpose of fore explaining why the answer Conservative Party? One must be, " pre-'ittle, so far ble answer was given by as I can see, John Biffen M.P. on Sun-worth setting du ls perhaps a disclaimer "a vigorous and successful about the Labour Party. In ism can only be built nut common with a substantial fruitful inter-marriage of minority of the voters (the al economics with an out- abatahners, the don't knows, the looking patrintism," he nationalists, the Liberals, the in a new pamphlet en- shoulder-shruggers, the disen-Political Office or Puli- chanted) 1 see no great source Power? "There is an ob- of inspiration in either of the , and appealing link be two major parties.

self-reliance at nome and inal \_ confidence. abroad," ent on,

Stagnant the the pamphlet is graced It is true that about a year ago the Labour Government foreword by Mrs. aret Thatcher, it might be ined that Mr. Biffen's for stopped banging the country tion can be taken as a dcs head against a brick wall, bu ben of what Tory policy its positive achievements arc Thy is. If that were so the minimal. Our industrial pro-duction has been more or less least there is a choice "\_\_\_\_\_ stagnant since the procide whom they wanted to

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tailing has more in common Labour. in palliative offered by the That said, I cannot for the life ments. To the extent that Conserva- lyn Rees? A Secretary of State that revenue from the North grandister to the anti- of the finite of any reason why To the extent that Conserva- in Rees: A Secretary of state that reveale from the Labour will move getting et by pointing back to- a point from which there could is in tune with majority opinion wards full fundred studiely in the Bath Conservative at the next Conser the has with whet has until Conservative at the next General Labour Treasury is now mone differ radically from Mr. David, inwards full-feilged socialisin, wards the Heath Government in he any eesy return. If the Con- and not a cause of perennial been mainstream. Tory Election. In terms of what Mrs. tarist. Mr. Biffco would like Encals? The important metter and the reason for voting Tory its second 18 months-after the servatives won next year such disillusionment with all politibeen mainstream Tory Election. In terms of what ares, tarist. Mr. Biffeo would like Ennais? The important mener and the reason for young for its second is montas-after the second is montas after the second is montas-after the second is montas after the second after the second after the seco Strong feature of "The For a start, Mr. Callaghan's Labour supports the closed not even Dr. Rhodes Boyson, Suvernment with an overall firement, but it was vilified on are running at the moment this Conservative Party committed a scale that Mr. Callaghan's Labour supports the official Conservative could arrange such a major majority. The weight of the odds a scale that Mr. Callaghan does outcome does not seem very to removing those obstacles my," which is the official of nnemployment that no Con- pollcy is to acquiesce in its change in the policy of the against this may be junged from not have to endure except from likely. It is far more probable would have something positive statement on such matters, servative government would existence. The Conservetives Department of Education as the fact, acknowledged by Mr. the fer Leit A Thatcher government would existence. The Conservetives Department of Education as the fact, acknowledged by Mr. the fer Leit A Thatcher government would existence. The Conservetives Department of Education as the fact, acknowledged by Mr. the fer Leit A Thatcher government would existence. The Conservetives Department of Education as the fact, acknowledged by Mr. the fer Leit A Thatcher government will will will existence. The Conservetives Department of Education as the fact, acknowledged by Mr. the fer Leit A Thatcher government is positive for the fact, acknowledged by Mr. the fer Leit A Thatcher government is favour lower personal taxes: has been menaged by Mrs. Biffen, that "unless the Conservetives of middles right majority next time end mitment it is not even e "bulk" what is the purpose of Again, it may be fair to say Labour too. Capital gains tax Shirley Williams. (Formerly, servative Party can improve its of-the-road, could suffer the that then Labour with the rump wark against Socialism."



hast there is a choice ... stagnant since the present hen they could settle down Government came to office: it that the fiscal profligacy of the would be reformed by the Is still at the level of the three- 1973 Heath Government was Tories: Labour is working on cide whom they wanted to is still at the level of the three- 1973 Heath Government was fortes; Labour is working on for. - day week. One's distaste for the outdone by the wild spending of the very same proposal. The five all know, the truth is attitude of some Conservatives the 1974 and 1975 Wilson Tories believe that smalt hust-there is no such choice. Towards, say, Mr. Ien Smith is Government, but the IMF has nesses must be enabled to due there is no such choice. Towards, say, Mr. Ien Smith is Government, but the IMF has nesses must be enabled to due there is no such choice. Towards, say, Mr. Ien Smith is Government, but the IMF has nesses must be enabled to due there work with a minimum of the three minimum of Theicher describes the six matched by one's distance of noticed the hart that the state; is speeches that make no the ettinude of too many Socia-knew was necessary. It is quite interference from the state; Oh this is all very well, some political image of Mrs. Instener, might win inrough, mit their as a contribution lists inwards, say, the rights of possible that some of the good Labour has appointed Mr. inay reply, but I am perfectly the political passions their can no certainty, either way. There individuel members of trade will be undone over the next Harold Lever to be the Minister of the political individuel members of trade will be undone over the next Harold Lever to be the Minister of the political majority next cannot be ignored. The Conservative Perty is not approaches, but that too would very same thing. is speeches that make no the ettitude of too many Socia- knew was necessary. It is quite interference from the state; in formality as a contribution lists inwards say the viente of

a's "outward looking the same thing as a call to vote be in tune with the established is there a Conservative Home with the Liberals will be flung

the department concerned it- Scottish fortunes it will need self with money and adminis- successes in England in match tration alone; now it is address- the levels of 1959 to provide a ing itself to the quality of edu- majority confortable enough to catinn, from a starting point weather the stormy waters of that most parents if not the by-elections."

BY JOE ROGALY

wooltier heads in the National Never mind. Assume a Tory Union of Teachers, would ap-victory. Would it prevent plaud).

list of similarities Thatcher Government, untram-The hetween the parties is in fact su melled by alliances with any lung that it may be more in uther party, would bear one the point to look for differences, immense burden - the there First, the Conservatives would factor." This is unfair and out-be less inclined to be interven- rageous, but it is nevertheless tunist, but this is no guarantee something that must be underthat they would not intervene as often as Labour, consider their track record. Second. they do not favour the Labour form of devolution to national for nothing.

assemblies, and third, they are committed to spend more on

not tell of "this party would harder on deprived families than the next election would be lolthat Convertient has the him; a left-wing cendidate change, including electoral re-ruad." that Convertient has the him; a left-wing cendidate form. Mr. Biffen says that "it Oh this is all very well, some political image of Mrs. Thatcher, might win through, but there is is political policies that have

### U-turn

Mr. Biffen (left) : ilberal economies and outward-lookiog patriotism. Mrs. Thateber: they do not represent party policy.

stuud. Mrs. Thatcher herself is same aroused hatreds merely of Liverels and the Scotlish eware of it: she did not go for whet it would be, rather Nationalists will form another through the political torture of than hecause of what it might being labelled "milk-snatcher" do. To the response "this is in-for nothing. tolerable in a democracy" one learn the lesson of staking all The pulicies on school meals can only reply-yes, but what on a meaningless victory by an

tion pledzed to carry out economic pulsies" to a degree socialist policies of the kind thet his own party cannot U-IUIII that would increase the degree accept. What we really need I can hest explain what I am of collectivism in Britain past is a set of political policies that

committed to spend more on the pointes of senior means can only repo-yes, our work on a meaningless victory of an defence. Important as such dif- and milk that carned her the is to be done about it? overall majority. They might ferences may be, they are nm vilification of those years have For like it or not, it is at at that point negul to do some the stuff of which elomentous since been meintained by least a possibility that an out-really serious thinking about decisions are made. They do Labour, which is arguably right Conservative victory at British publics.



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gate of the set entity

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And the owner and the series at the Financial and if we did not have to cope cleader of the financial statistics users' conference to with two different money supply is the increasing steel which he refers. He has him series, one monthly, based on the developing set over the years provided a banking months; the other to the calender year would mean a change in the financial statistics. October, 1977. Table 7.11 The more developing set over the years provided a banking months; the other to the calender year would mean a change in the financial second Badget is and financial policy issues is in the Budget; but a second Badget is and financial policy issues is in the autumn is in any case is are the whole bushiess and financial done: on a calendar year basis, can be as, they now are, it is not something new, calendar for the convenience of while those of the public sector, in industries as is ray textiles, footwear and financial trusts. Take covers and trusts

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and the second secon

## **COMPANY NEWS + COMMENT** Second half jump lifts Fenner to £8.4m.

POWER TRANSMISSION engi-neers J. H. Fenner and Co. (Boldings) reports record taxable prolits for the year to September 5, 1977 up by £1.4m, to £8.41m. after a rise from f2.88m. to 13.29m. at halfway. Turnover for the year advanced by £10.77m. to 17:1.01m.

28

Stated earnings per 25p share are 14.10p (11.57p) and the divi-dend is increased to 6.7p (6p) with a final of 3.95p net.

The directors slate that the current year has begun quietly with a satisfactory work load and a stable order lerel. Having regard to renewed dobuts about a sustained worldwide recovery of industrial aclivity, they feel it would be imprudent, at this early stage, to make a positive forecast for the 1977-78 year.

to the 1977-18 year. the meantime, they have planned for a further growth in turnover and profitability and they say that the group is well equipped, both in manufacturing facilities and people, to achieve success.

1973 76 1900 62.233

	1976
	(
Turnover	73.0
Depressaund	1.7
litteres:	1.0
Assoc. Co's	1
Pre-las profit	2,4
Tut	4.5
Munitaties	
Extraord, credit .	1
Relatored	1.7
e comment	

**Scomment** First half carnings are stated Fenner did well to improve profits at 7.83p (8.2pt per 25p share and by a lifth at a line when its the net interim dividend is major markets are still showing stepped up from 0.975p to 0.99p no signs of recovery. Turnover the traditionally better second half is only ahout 8 per cent, higher interim to increase the finat divi-than the two previous six-monthly periods but an improvement in thit costs lifted margins hy almost two points. The U.K. position has improved in time with forecast the finat divi-tion for up received to the second has the two points. The U.K. position has improved in time with forecast the finat divi-tion for up received to the second has the two points. The U.K. position has the time with forecast the per cent begins to the second has the time of the second has the two points. The U.K. position has the time of the time with forecast the fore the time of the second has the time of the time of the second has the time of the second has the time of the ti rup from 49 per cent. to 54 per cept. of total profits; and includes sales cent. of lotal profits: and includes sales .... Concrete & molecular of the past two year's concrete and modernisation for the past two year's concrete and modernisation division. However, conveyor belt sples have been that in the U.S. because of the depressed coal mining industry, and in India, where there is a donestic surplus tax following Governmeot overstock-ing. Against the treod, however, Net profit before there was a slight improvement in South Africa on the back of that country's extensive mining activities. The poor capital inthat country's extensive mining "Credits activities. The poor capital in-vestment climate in the U.K. con- • comment

tinues to affect the mechanical handling division. In the mean The two trading divisions of lime prospects for the shares, at Mursballs (Halifax), concrete and 124p, where the yield is 8.5 per quarrying and engineering, have cont, remain unexcling until been pulling in opposite direc-urder levels increase to accommo-tioos in the first half. But thanks to a strong performance from the

inder levels increase to accommo-date spare capacity. AB ELECTRONIC AB Electronic Components has been reorganised in which the parent, public company is re-tramed AB Electronic Products managed to show a small contract framed AB Electronic Products managed to show a small advance. Group, This re-organisation will Engineering, and especially Hall lumbled 1200,000 in ceflect the increasingly diverse fax Tool (manufacturer of rock the September 30 half year, des-pature of the products made by drilling machines and a poor first training to 15000 in the group.

HIGHLIGHTS

Lex discusses the U.S. trade deficit and its implications for other currencics. Meantime the report of the Wilson Committee comes in for scrutiny and Fisons scores a first as a U.K. quoted industrial company to tap the Sterling-Eurobond market. The offer for Edinburgh and Dundec closes to-day and the whole trust sector is waiting to see the level of acceptance. Meanwhile on the results front brewer Matthew Brown has increased profils despite pegging prices aos

Inv. well up so far

Year 1074-17 1960 15.366 ON TURNOVER down from 51.34m. 10 \$1.05m. profit of Property investment and Finance 11090 1.170 for the six months to September 7.296 30 1977 jumped from f114.006 to 2.094 £439,000, after tax of £28,000, 1.088 against a credit of £10,000, b.021 The interim dividend is inк.Лія 3 418 1.115 714 401 124 238 creased from 1p to 1.3p net per 1.852 El share and the directors espect **491** 495 to pay a total of at least 4p for the full year. Profit was achieved after

minoritics, han stock interest **134,000** [144,0001 and interest payable 166,000 (163,0001. Net asscis per share at September 31

Brady Inds.

W. A. Tyzack and company limited SHEFFIELD

£ 000 11.619

1.419 4 300 1.189

301 121

1,966 367 499

476

Extracts from the Chairman's Statement Since my Half-year Statement in April there has been an unexpected downturn in Trade in most of the industries to which we are suppliers—in spite of the

Manufacturers of Precision Engineering Components suppliers and on the Political, Economic and wages moves during the winter months,-hut we have a goud order book in most Departments. At this stage I can therefore, only predict a difficult year about hut probably not the unsults.

Directors say the disappointing results are mainly owing to the slow recovery of building io-dustry activity. Action is being Prop. Inv. & Finance int. 1.5 Stag Line ..... Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increase to reduce. disparity with final. Also additional 0.0226p for 1976-77. § Unchanged taken to rationalise group activities and management is be-ing strengthened, although they say it may be some time before final forecast of 2.398p. material improvement in profits can be achieved.

The result is subject to tax of £31,000 (£135,000).

The interim dividend is un-changed at 1.75p. On taxable prnfil of £484.000 fast year a final

**First half** advance

ON SALES ahead from £7.11m. to 29.04m., engineers etc., Loodon and Midiand Industries tifted pre-

tax profits from £850,000 to £850,000 for the half year to September 30, 1977. The group continues to expand are shown as 184p (119p) and 137p its business, say the directors, and 1126p1 fully diluted. increased group profits showing a substantial improvement over last

year's record £1.58m, are foreseen for the hill year. After tax of £428,000 1£320,0001 attributable profils rose from £358,000 to £425,000 and eprings £35,000 to £425,000 and eprints strong in the first halt with Ford are shown at 5.30 (4.50) her 2.50 a major customer. Supplying share The inform dividend is fontwear components, however, lifted from 1.70 to 1.90 not and a remains the group's principal linat parament of 2.864p (2.60507p) business—despile the increasing is intended. The two well position has been sion. Overseas footwear profits

is intended. The inductal position has been sion. Overseas footwear profits significantly strengthened, so the are not much higher than at the directors, by recentions of £277,000 some stage last year while sales for the hall year, and also by the are slightly down. Meantime the decision to release £552,000 to U.K. market, has beld up surpris-reserves from tax deferred in res-peel of stock relief at March 31, the pressure that manufacturers 1977 which will not be payable in the foresceable future. the foresceable future.

the foresceable future. Edward Jones £20.000 up at halftime Taxable profit of Edward Jones (Centractors) pushed £20.000

ISSUE NEWS AND COMMENT CO-L DIVIDENDS ANNOUNCED Date Corre- Total Currept nf sponding for. Total Now Leeds floater of th 9041 7901 1.92 year 6.7 comes to surface 3.92

Financial Times Tuesday November 29 197

- 10.36

March 31 0.08

0.58 1.75

2.6 1.7

1.0

6.86

Extensions and alterations to

LGI Extensions and alterations to 12 some of the group's factories are 4 uoder consideration and the L388 directors are following the policy 437 of recent years which will iovolve ; substantial capital expenditure to

11.4

payment.

Jan. 13

Jan. 2 Jan. 19

Jan. 20

Jan. 6 Jan. 4

payment

7.6

**Chamberlain Phipps up** 

£0.4m. at six months

First ball 1877 1875 2000 1000 14.014 20.051 1.479 1.058 24 20 267 -243 1.256 255 445 409

425

553

11: 11: 13:

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Leisure Caravan ...... int. 2.045 Chamberlalo Phipps int. 0.91

The application list opens on one a week, All but the first Thursday for the issue of f12m, Bristol with interest ra-City of Leeds Variable Rate Stock measured against the Treas-1882 at £100 per cent. Interest will be payable half-governed by movements in LIS-yearly in arrears on May 28 and while the last four issues by November 28 at a rate of § per cauried a coupon I per cent. ab-cent per annum above the rate LIBOR so a degree of unfairs of which sterling densits, are has come into the market of at which sterling deposits are has come into the market G at which sterning uppers he has data and the best set offered for six months to first the advactage of the best set (lass borrowers on the London monthly coupon the Leeds st.) inter-bank market (LIBOR) the should give the underwriters day before the interest period tranble while earlier stocks of commences.

 Amount of the state state at a light of the state at at a light of the state at a light of the

uet as forecast, absorbing £140.633 earnings are shown to have diacaced from 1.7p to 3.07p per 10p share. The interim divideod is litted from 1.45p to 0.9p net 1217,9461 as anticipated by the directors lost May. Predelivery in-terest on loan capital look f105,493. After tax of £23,000 azainst f117,823 the amount for appro-priation come out at £552,595 16100,123). and £211,962 was re-tained compared with £57,700 from neserves last time. **First half First half First** 

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## Taxaijon Net profil To nanoritier Extraord, credito Astributable Attributation Dividends Retained for LMI

ment. the Press and the Stock Exchange. This has caused a drop in output in some of our Departments coupled with a lowering of profit margins due to much stiller resistance to price increases occessary to keep pace with inflation.

We have been very fortunate in the last few years to retain nur liquidity and to avoid snote of the effects of a Socialist Economy which have already affected so many other Companies.

I am not prepared to say whether this is a temporary phase so far as our Com-pany is concerned as everything will de-

ocad DDanil factory for our Company gives our strong Cash position and our strong build-up on Plant Development The Curnover for the year is £4.798,163 against £4.605.774 last year.

against 14,000,774 Jaw year. The Profit hefore tax is 2433,405 against f587,075 last year. We raid an Interiur in May of 383p and a final Dividend of .911p is proposed which will bring the tolai to 1274p against 1.351p per share which incorporates the maximum permitted on the increased share capital. DONALD S. TYZACK

28th Norember 1977

It chiractors) pushed 120.000 hisher to 130.500 in the June 30, 1977, half year. Directors say difficult trading conditions still persist and in ubstantiat improvement can be expected for some time.

**RECORD** RESULTS

To The Secretary, J. H. Fenner & Co.

Address

(Holdings) Ltd., Marliet, Hull HU9 5RA.

Accounts of the Group tor 1977 on publication.

Please serid mo a copy of the Report and

increases for equities property and a lower prop hisher to £30,500 in the June 30, 1977. half year. Directors sar difficult trading conditions still pervist and nu ubstantial improvement can be expected for some time. Based on orders, already held, turnover for the year abould be proceer than last year although margina are likely to be affected. Last rear pre-tax profit was a first and final dividend of a first and final dividend first as used first and final dividend of a first and final dividend for first and final dividend for a first and final dividend for first as used first and final dividend for first as the per-tax first and final dividend for first as the first as the per-tax first and final dividend for first as the first as th which are very products

Irish Ropes peak £0.67m. and sees mor

Dublin based rope facturers Irish Ropes r record pre-tax profits for th to August 21; 1977 of Einds Bank Lin against ES52,876 and Mr. Mis Bank Lin The triade of the basis of the concerns of the sharply but part of the basis of

53 companies wound-u Orders for the compulsory

Orders for the compulsory Quickheam, R. G. Cequit winding up of 35 companies were Hotels (Midlands), Uher, made by Mr. Justice Templeman Verisien Transcontinestic, in the High Court yesterday, They Darcock distant menta marita

Michael Sinclair Construction, N. Ghamberlain (Contractors), H. Salih Modes, Box of Sweets and Harvies (Confectioners),

Ancio Swiss Direct Mail Services (London), Ardies, Brent Willow Builders and Decorators and Caldy Timber Company, Eaglecourt, Harry Cooper (Leigh), Kimberley Cleaning Services, Lord of the Files and Squaw Fashions, Socialist, Worker Printers and Publishers, Oek Mandgement, Hopper (Chemists), Larbeacle and Bonnaion, Builders Hopher (Chemons), Larogana and Bonnanon, Builders, Menderson Haynorth (Builders), Menderson Booth (Transport), Micol: (Brick-work), Minnande, Transport and Viking Performance. Trident Cars (Satesr, Motorgan IG.B.r. Finchurst, Blierose and

Pesticide Chemicals.

Builders. Ounnium, Hartley Decorators Port (International) Wild (Kent). Heasman and Cole, Hill, Construction, Perand Consti-way Insurance Brokers and Company, Mans Agencies Kenneth Holson. Fly to BERNE

CLERMON FERRAND MONTPELL STRASBOU DAM-AR

> from LONDON (G Phone: 01-620

Turnover up by 17% to £73m

Group pre-tax profit increased by 20% 

- Earnings per share up from 11.57p to 14.16p
- Capital expenditure £3.3m
- **Final Dividend increased to** 3.95p per share

Extract from Chairman's Statement "We have planned for further growth in turnover and profitability and we are well equipped, both in manufacturing facilities and people, to achieve success.

The Fenner Group is principally concerned with the manufacture of power transmission equipment, industrial conveyor belting, fluid seals and package handling conveyors.

	1977 £000's	1976 £000's	1975 £000's	1974 £000's	197 <u>3</u> £000's
External turnover	73,009	62,235	50.774	3,7,940	27.268
Profit before taxation	8,407	7,006	5,752	4,501	3.242
Profit after taxation	3,457	2,806	2,572	1,951	1,732
Earned for ordinary shareholders	*3,071	2,389	2,302	1,773	1,557
Dividends to ordinary shareholders	1,453	1.301	834	745	456
Retained profits	1,778	1,088	1.468	1,028	1,101
Shareholders' fu <b>rids</b>	25,892	24.184	17,564	15,338	11,330
Earnings per share (pence)•	14.16p	11.57p	13.11p	10.82p.	10.72p
*Excluding extraordinary credits of	T £160.000.				

The Assert Report will be posted to Shi beholders or ionGar 19th December, (original with training of the er uner General für das gib beiteid on Wednesdar 11 Januar 1972 of the Oweens Hotel Goods



فكذاهن الذجها

FENNER ANNOUNC

# Ines to Agnico-Eagle is moving but of the wood

T OUR MINING STAFF

of exports.

KENNETH MARSTON. MINING EDITOR BISING trend of the builtion \$C723.510 (2359.000). Silvor pro-which many observers duction--of 128.284 ounces in the meral front, the low price of the pas a long way to 20 yet, period from May 9 to September copper has forced Craigmont in an gold producers. Becauso are relatively high break-the past quarter was a net profil has a more dramatic effect and amorthation of \$C770.282-will reduce the ore reserves to the same period of last Star. Although this action and amorthation of \$C770.282-will reduce the ore reserves to the same period of ast \$257.314 tife of the mine, the previder, to the same period of last Star. and amorthation of \$C524.753 midd comes from Mir. Pau better gold price which close for the the goad at its youne to SUS101; yesterday. Martine star equalled the deptb from the current pro-\$C24.476; Mines to raise the cut-infigure and amorthation of \$C770.282-will reduce the ore reserves to the same period of last \$257. and thug martinally shorten the current quarter in line with the star Onterio's famous Cobalt at Onterio's famous Cobalt at Onterio's famous Cobalt the deptb from the current pro-\$C24.476; Mines for the taige for the past nine months period to the splice of the splice of the months above for the taige for the past nine months pleted. This will enable the copper oncentrates were reduced. Beauwhile, deepening, of the 210 per cent. of Placer. Taigmont's net income for the per ounce, bringing the duction level-mas been com-the previous year. Shipments of the produces gold at the young the duction level-mas been com-the previous year. Shipments of the deptb from the current pro-\$C24m. (f1.10m.] from \$C39m. in Beauwhile, deeptb from the current pro-\$C24m. (f1.10m.] from \$C39m. in produces gold of the splice of nine qew produc-the previous year. Shipments of the previous year. Shipments of produces gold of the splice of the splice of the splice the opening will facilitate the average grade uf ore

## Matthew Brown ahead to £3.1m.

IFTER RISING from 1917,000 to 11.18m. in the tirst half, pre-tax BOARD MEETINGS

profiss of brewers etc. Matthew Grown and Company Stillshed the year to October 1, 1977 alread from to factor Incover-ed from £15,66m. 10 advanced With (11.34m

Group lignorer Frailing profit Fran prop disposal Interest pasable Deportations Profit bofore tax

comment

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ividend .

1 1.038

Taxallon Net profit Lo profit

Relained

The following comparises have month-duing of found meetings are usual here of the purpose of the formed are tends. Others index on the restance tends. Others index non- or one areas fax taking fitson to state whether constants of the basis below any based mainly to an interaction of the state of the basis below any based mainly to an interaction of the state of the basis below any based mainly to an interaction of the state of the basis below any based mainly to an interaction of the state of t DE ISS

 (11.349) 1
 carmings are shown at 20.049 per 25p shore accord 504p and the dividend fotal is roused from 3.51p to 3.52p net with a grown being. For the transmission final of 3.52p.
 This for the transmission of the first for the transmission of the transmission from the transmission of the transmission of the transmission from provide the transmission of the transmission fragmentiate the transmission of the transmission fragmentiate the transmission of the transmission from provide the transmission of the transmission for the transmission of the transmission of the transmission for the transmission of the transmission of the transmission for the transmission of the transmission of the transmission for the transmission of the transmission of the transmission for the transmission of the transmission of the transmission for the transmission of the transmission of the transmission for the transmission of the transmission of the transmission for the transmission of the transmission of the transmission of the transmission for the transmission of the tra Furning Ma Intering 2,600 August (Granges 1,721 Creiton 1,721 Creiton 1,725 Desmand Status 154 3,100 1,179 1,529

A-1415 Rubber Estatus

Batthew Brown's decision not where the property of the propert Rubber Esta Rillinghall «Benberts Varitrabam Brass Osbert «Samu 4-Trans-Occain, Teus Lingehronie International Half-time

programme is new complete, so there is more than enough capacity. At 980 the shares stand on a n'e of to', and yield 6.1 per cent.

### **KWIK-FIT**

markel price-mainly for Soviel material-was \$6.50 up at \$174. At the beginning of this month Rustenburg announced that it was to reduce its platinum production by between 10 and 20 per cent, from the present level of 1m. In fact a recolution was passed by the previous rate of production the previous rate of production and price levels were imposing an undue strain on the company's pay new carital by way of a strip tesources.

drop for a third to fillum, due in the uncreasing volume of lager pro-duction. In volume terms lager itons in the building industry and sales increased from 34,000 barrels, particularly the reductions in Local Authority spending, taxable

> formover virtually unchanged (438.000 against 2438.623. Directors sa, little improve-ment to construction activity is expected in the immediate future. but the enmpany is introducing new products less dependent on its traditional housebuilding market Spheric Engineering per-farmed well and is expected to

0~c D.c

## Dopoil fatto, il consiglio nonvale

(When a thing is done, advice comes too late)

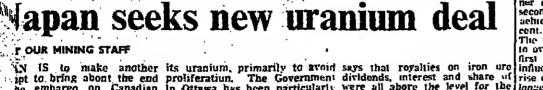
Nowhere is this ancient proverb truer than in the international banking and commercial world. Which is why you will always find an understanding listener in Credito Italiano's London office at the "first thoughts" stage of any project you are planning.

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N is to make another its uranium, primarily to avoid says that royalties on iron uro ipt to bring about the end proliferatiun. The Government dividends, interest and share uf ne embargo on Canadian in Ottawa bas been particularly were all abore the level for the ium exports. The Foreign concerned about nuclear repro-tary in Tokyo seld thoi Japan cessing and has sought to prevent try to seek a compromise power as a producer to prevent a question of Canadian con-it.

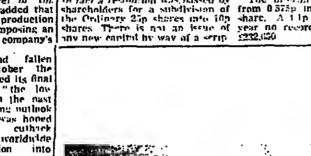
the beginning of this year. The beginning of this year. Tanadian Government embar uranium exports to Japan benutries of the EEC because transing its role to the energy price to \$175 development of some countries. Finalure to reach nuclear of an international cunsensity on hard agreements covering the tanic.

Tailure in reach nuclear iard agreements covering use of Canadian nuclear is route of Canadian nuclear is protection of the agreement earlier, this is agreement earlier, this is agreement earlier, this which covers the sale of is agreement eliminates is down on the Progratome that if carried through to agreement if the agreement level af tm. if the agreement level af tm. if carried through to agreement if the agreement level af tm. if the agreement level af the if the agreement level af tm. if the agreement level af the if the agreeme

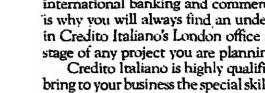
rent sets of nuclear safeis, which may be incomie. Some 70 per cent. of is, uraniom needs are met Canadian mines, hat the rial is, enriched in the U.S. e statement said that the fa-U.S. agreement offered is two options for control-the use of its uranium, One canada the power of veto isales of uranium, one canada the power of veto isales of uranium, enriched r U.S., where it might fater M.S. ms. e second, favoured by Japan, ded for the U.S. to consult inter profiles of the uncertainty of the same period in 1976 at those of the two subsidiaries, barador Mining and Exploration, All three companies, into the use of the U.S. to consult into the same period in 1976 at the use of the uncertainty of the same period in 1976 at the use of the uncertainty of the same period in 1976 at those of the two subsidiaries, barador Mining and Exploration and Hoilinger North. Shore the same for the uwo subsidiaries, those of the two subsidiaries, the inter inter levels were importing and into the same period in 1976 at the uncertainty of the same period in 1976 at the inter inter inter into the same difference and Hoilinger Sigures consolidate into the same for the two subsidiaries, the fore agreeiog that inter inter

PROFITS RISE AT HOLLINGER

hintent plants. Predicting a satislactory out being of a rise in the possi-has been a consistent alm come for the year. Mr. Abert price to \$173 was moded by Lode-anadian policy to seek safe. Fairles, the Holtinger president, star in Mining Notebook a fort-h agreements on the use of earnings from Irno Ore Company night ago







هكنامنالأحل

achieved on the back of a 2; per cent, increase in volume sales. The volume increase has climbed to over 6 per cent, in the current first half, with peaged prices still influencing demand. But a price rise cannot be deferred for much because beaus is a by over

10 33,100, accounting for around Local Authority spending, taxable 16 per eent, of the lotal, A con- profit of Bainbridge Engineering tinued increase in demand should dropped from £165,161 to £83,750 nul be a problem for the group in the Section 2065,161 to £83,750 as its major capital expenditure increase states 30 haif year on as its major capital expenditure increase states 30 haif year on

29



Lloyds Bank Limited has increased its Base Rate from 6% to 7% with effect from Tuesday 29th November 1977. The rate of interest on 7-day notice Deposit accounts ind Savings Bank accounts is increased from 3% to 3½% p.a. The change in Base Rate and Deposit account interest will also be applied from the same date by the United Kingdom branches of Lloyds Bank International Limited The National Bank of New Zealand Limited and by Lewis's Bank Limited

## MONEY MARKET ull credit supply

Fix of England Minimum ding rate 7 per cent. discursements over revenue pay-balances werc taken within a ments to the Exchequer, and the range of 3 per cent to 5 per market was also belped by net cent. also belped by net cent. market was a fairly large cent. to 51-51 per cent. at noon. Rates a moderate amount of Exchequer 1997 was another were between 4 per cent. and a per ceot. in the afternoon, and a per ceot. in the afternoon, and biscount houses paid 6-52 per closed at 41-5 per cent. Discount houses paid 6-52 per cent. below are intial excess of Government the early part, but closing nominal in some cases.

1	F 28	Starting Certificate Interbank	Authority deposits*	Loon Auth. negotiatile topina	Finance House Deposit	Company Deposite	deposts.	Treasure Bulls op	Beat Hills o	Fins Track Hille op	
	Spt.	4614 574-514 313-572 574-514 514-514 54 54 514-514 56 315 878-514 56 315 714 774 776 775	6-514 6-514 614-512	7.614 654.614 554.614 754.615 814.754	614-658 614-652 614-652 615-678 645-718 714-734	614 678 738	8 6 61 514	3# 64 62 3m 32 64	658 61% 658 61% 658		
1	kirolas. Kirolasia	24 7 8 74 8 74 718 778 84	818-81g - 918-81g	810.754		<u> </u>	1			<u> </u>	

# Capper-Neill's developing more muscle.

Especially in the international scene.

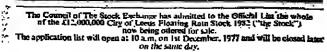
Our group now embraces 43 companies, with a turnover exceeding £50m., engaged in designing, fabricating and erecting storage tanks, pipework and process plant in five continents.

Our growth stems from a policy of actively seeking out fresh markets while broadening our home base by acquiring companies with skills which effectively interlock with our own.

Our recent acquisition, the Glover Group, greatly strengthens Capper-Neill expertise in materials handling, as well as introducing the design and manufacture of aerial ropeways, ship loading systems and steel wire ropes. It will help us pull more weight than ever. The world wants what Capper-Neill makes. Capper-Neill Limited, Warrington, Cheshire WA1 4AU Telephone (0925) 812525, Telex 628382



30



**CITY OF LEEDS** Morgan Grenfell & Co. Limited Offer for Sale £12,000,000 City of Leeds Floating Rate Stock 1982 at £100 per cent.

payable in full on application et fless income (ast will be payable ball-yearly on 28th May and 28th November, nountian to 54,1250 (less income (as) per £100 Stock in respect of the ball-year in 28th November, 1977 will be paid on 28th May, 1978.

The Stock is **not** an investment Julling within Part II of the First Schedule to the stee Intertments Act 1961.

commencine 33th November, 1977 will be paid on 28th May, 1978. The Stock is not an investment follow within Pert II of the First Schedule to the trastice internet. Art 1960.
 THE STOCK. — The Stock was authorized by a Resolution of the Council of the authornits of the Local Government Art 1972 and the Local Authority (Snocks and bords) Resultation. 1974 an accordance with a General Concent given by the Treasury under the Control of Borrowing Order. 1988.
 The Stock was subscribed in full by Morgan Grenfell & Co. United ("Morgan Grenfell") and on the provision of an Agreement dated 25th November, 1977, details of which are effort below.
 REDEMPTION. — The Stock will be redecred at part together with accrued interest, on Esth November, 1982. The Council is entitled at any time to purchase the Stock in the Agen market or without we at any price. Stock will be forthweak cancelled and will not be available for revisate.
 REDEMPTION. — The Stock will be redecred at part together with accrued interest, on Esth November, 1982. The Council is entitled at any time to purchase the Stock in the Agen market or without we at any price. Stock will be forthweak cancelled and will not be available for revisate.
 REREST- Lut Interest tess income taxt on the Stock will be payable by bulk-seaty in-talments in arrear on 28th May and 28th November ("Interest Payment bars") in each year at the rate per annum above the average from and on the Stock for the tare of interest payable in the rate per annum above the average from the Johnson stock in the council of per cent, ber annum at which Morgan Grenfell was advised by Llood. Aviscented Banking Company Limited ta wholly-owned subsidiary of Loods Bank Limited and Midand Bank Limited ("The Reference Banks") that strefing deposite of a marketable annount were offered to them for a period of six months in the Lood in inter-shark market at or on each Interest Payment Date subsequent to 28th May,

of the Council. The Nock: ranks equally with all other sciences of the Stock will be applied to replace moneys temporarily borrowed to meet authorised capital expenditure.
 a public to replace moneys temporarily borrowed to meet authorised capital expenditure.
 b replace moneys temporarily borrowed to meet authorised capital expenditure.
 b ROVISION FOR REPAYMENT OF LOANS. — The Council is required by the Local Covernment Act 1972 and required for capital expenditure and to make such returns in this connection as may be required by the Secretary of State for the Environment.

provision (owards repayment of loans raised for capital expenditure and to make such returns in this connection and be required by the Secretary of State for the Enstrument.
 8. REGISTRATION. — The Stock will be registered and transferable free of charge in numbules of £1 by instrument in writing in accordance with the Stock Registered and transferable free of the stock of the Stock.
 8. REGISTRATION. — The Stock will be registered and transferable free of charge in numbules. of £1 by instrument in writing in accordance with the Stock Registered and transferable free of the Stock.
 8. REGISTRATION. — The Stock will be kept at Midland Bark Limited, Registered in the transfer of the Stock.
 8. Recent of transfer house, Perys Street, London ECSN 404.
 10. Report of transfers buyed by house will be sent by ordinary post at the risk of the Stockholders to the first numbers) registered holder at his first regurred.
 2. A PUMENTS are payments of the contrary are given in writing.
 7. PAYMENTS.— Payments of principal and liners will be made by warrant, drawn on a Town Clearing branch of a Bank in the City of London, which will be sent by rotionary provide the first named unless instructions to the contrary are given in writing.
 7. ARMENTS.— Payments of principal and liners will be made by warrant, drawn on a Town Clearing branch of a Bank in the City of London, which will be sent by rotion the workholder at his requestered address and at his rick. In this case of the relative Stock Certificates.
 AGREEMENT WITH MORGAM GRENEELL & CO. LIMITEO. — On 25th November, 1977 the Council entered into an Agreement with Morgan Greniell under the time of which Morgan Greniell agreed inter alis to subscribe for the whole of the Stock at a price of £W per cont, Copies of this Agreement are available for inspection during used business hours up to and incluing 2nd December, 1977 at the other, stock Stock December,

STATISTICS RELATING TO THE CITY OF LEEDS. -- The following

information has been supplied to Morgan Grenicu by the Council:	
Population mid-1976 (Recistrar-General's estimate)	744,500
	003 003 000
Rateable value-1st April, 1977	£82,202,069
Product of rate of 1p in the 2-1977-78 (estimated)	1.235.000
Date in the 4 1077 79	66 1.0

Product of rate of 1p on the 4-197.78 festimated 23.000 Rate in the L-1977.78 festimated 23.000 PROCEDURE FOR APPLICATION.— Application must be made on the Application Forms Provided, must be accompanied by a cheque for the full immount hypable and must be sen to initiated Bank Limited. New issue Department. Mariner House, Repr. Streat, London EC3N 4DA and should arrive not inter than 10 a.m. on Thursday, 1st December, 1977. Applications must be ton a minimum of 1900 of Stock and must be in multiples of 100 of Stock up is \$1,000 of Stock, in multiples of \$500 of Stock and interesting in multiples of \$1,000 of Stock. A repartie cheque andle payable in "William Bank Limited" and crossed "Leedy Leon" representing Till ment will at the offer price and drawn on a bank or branch thereof in England. Scotland or Wales, must accompany each application. No application stated by States' draft or by cheque drawn on a fown Clearing provision stated below regarding the return of surples and clawn on a fown Clearing provision stated below regarding the return of surples and the application. No returned all cheques for particular on the return of surples and the application is to application moneys pending discuster of arribus is cheques and 111 to reject any application moneys pending discuster of arribus is cheques and 111 to reject any application moneys pending discuster of arribus for the application is not accepted, the amount paid on application will be returned by bot at the applicator for, the balance of the armount paid on application will be returned by by a the application for the return turplus application mone, is by means of a cheque drawn on a county branch of Midland Bank Limited to any application will be so returned. Morgan Grantil also neares by the tiph to instruct will be sore turned. Morgan Grantil also neares by the tiph to instruct will be sore turned. Mor

Call of Losion, Each upplicant to whom on allocation is made will be sent a definitive Stock Certificate. It is exposed that used certificates will be posted on tay December, 1977 and that dealings in the Stock will begin on 2nd December, 1977. 28th November, 1977 Copies of the Ottorior Sale and Application Forms can be obtained from:— THE DIRECTOR OF FINANCE, Department of Finance, Civid Hall, Leeds LS111F. MORGAN GRENFELL & CO. LIMITED. New Issue Department, P.O. Box 23, 4 Theoremony of Accurate, 2018 June 2018, 2018.

The Sinck, Exchange, MIQLANO BANK LIMITEO. New Kaue Department, Mariner House, Perps Street,

## Palmer & Harvey agrees £1.4m for Lennons

LENNON BROS, the Warwick acquisition and its advisors, a precise value nn its stocks in shire-based tobacco and confec- Laurence Prust, said yesterday to day's market and is "not at tionery wholesalers, has received that it was buying Lennoo for its present in contact with anyone an agreed bid from Palmer and lurnover of nearly £10m. Mr. Straker also pointed ont that, technically, it had not yet Harvey, a privately owned com-

pany operating in the same field. T. W. WARD SALE The deal highlights the disparity **TO CLARKE** which sometimes occurs between the stock market value of a com-

**BIDS AND DEALS** 

CHAPMAN pany and its value in the eyes In accord with previous stateof a purchaser with a special ments with regard to subsidiary arrived at of a purchaser while a species the source the source of a purchaser while announce. Thomas Smith and Sons (Rodley),

ment Lennon's shares were stand-ing at 77p, which valued the com-pany di £31,000. Palmer is work in progress of the compeny offering \$4.87 per share at which level the company is valued at 1t is inteoded that Clarke. ment Lennon's shares were stand-

level the company is valued at It is inteoded that Clarke BAKIUN TKUTS. Lam. Preference shareholders are to be offered 65p per share compared cranes, rail cranes, crawler Barton Properties, a private com-with a pre-bid market price of mounted cranes and drag-lines at pany which has one part-time 25p. Terms of the deal have not the Smith's factory in Rodley. with a pre-bid market price of mounted cranes and drag-lines at pany which has one part-time 25p. Terms of the deal have not the Smith's factory in Rodley. with a pre-bid market price of mounted cranes and drag-lines at pany which has one part-time 25p. Terms of the deal have not the Smith's factory in Rodley. way of a new loan stock. How-selling agreement with Clarke directors. ever, shareholders will he offered Charoman covering all Smith's Terms of the offer, which is an equivalent cash alternative. Vesterday the shares rose to 460p. which will ensure continuity of for every 50 shares in Standard the directors of Lennon who cootrol around 44 per cect of the duct ranee. The change of ownership will

The directors of Lennon who ils construction equipment was a travel cootrol around 44 per ceot of the duct rance. shares, have irrevocably agreed to accept the offer. Lennon, whose Ordinary shares were last dealt in on May 20, 1976 acquisition is in keeping with the at 60p, last year saw pre-tax policy of expanding the range and profits dip slightly to £162,000 due product have of its already diverse iargely to Prices Commission re-strictions on tobacco products. In pattern of the enlarged mechani-strictions on tobacco products. In pattern of the enlarged mechani-strictions on tobacco products. In pattern of the enlarged mechani-targely to Prices Commission re-activities and electricat engineering the range of its traditional firework targely to Prices Commission re-activities and electricat engineering the range of its traditional firework to all and electricat engineering the traditional firework to price the other to expand the price to price the firework the the traditional firework the the the traditional firework the the the traditional firework the the traditional firework the the the traditional firework the the the traditional firework the traditional firework the the traditional firework the traditional fire targely to Prices Commission re- activities and we may writin the strictions on tobacco products. In pattern of the enlarged mechani-the first half of this year profits cal and electricat engineering ucere maintained despite lower group of Nortbern Engioeering margins on tobacco but the com- lodustries recently formed by the pany expected full year profits to merger between Clarke Chapman be no greater than last year's and Reyrolle Parsons, despite good confectionery husi-

ness. Palmer's last reported figures were for 1975. They were £1.7m., No news is expected from 2S per cent above the previous Glentivet Distillers before Thurs at March 31, 1977. "will provide year. Included contributions from seven new companies acquired Scagram. Mr. Ivan Straker, chief during the year. The company executive of Gtenlivet said yester-pursues an active policy of day that the Board is husy putting the full."

## **Trust and Agency in talks**

Trust and Agency Company of £175,000 in cash by instalments of their offer for the British Trust and Agency Company of £175,000 in cash by instalments of their offer for the British Australasia, the financial company and will take over responsibility Investment Trust, the National which was formerly part of the for LO's liabilities which include Coal Board Pension Funds also Lowson empire, is having talks a £102,000 overdraft. with an unnamed financial group Under the scheme they will, point out that the final closing which might result in a takeover also he bound to keep the UK, date has been extended to 3 p.m. offer. Shares in the company, husiness going for at least three on Monday 12 December. The owned by Commercial Union, were suspended yesterday at 145p. Distributed of Australia State St

S. JEROME BUYS Directors of Trust and Agency CARRINGTON bave been involved in these talks, which are described as "amicable." VIYELLA OFFSHOOT Agreement has been reached in principle between S. Jerome and Sons (Holdings) and Carrington since before the abortive attempt to change the company's status to charge the company's status principle between S. Jerome and for tax purposes last September. Sons (Holdings) and Carrington That attempt, which would have Viyella for the acquisition by involved a change from a financial Jerome of the capital of H. to investment company status, and Armitage and Company (Eccles-a consequent decline in Trust and hill), a wholly owned subsidiary Agency's tax rate from 52 to 30 of Carrington and the freebold per cent, was abandoned when it property occupied by Armitage, became plain that the scheme was not roles to botain the support adjustment for the support became plain that the scheme was The total consideration (after not going to obtain the support adjustment for the Carrington of the requisite majority of pref-intra group loan account) will be renered shareholders. f249,000 to be salisfied in cash A further announcement is to out of Jerome's own resources on be made "as soon as possible" — compilerion

A further announcement is 10 out of serious source and the series of the

SOUTHERNS

audited accounts, amounted to E136,722 and £51,384 respectively.

G. Dew in talks-shares

jump 28p The share price of G. Dew; the civi) engineering and industrial building group, jumped 28p yesterday to close at 122p on the announcement that discussions were taking place which could lead to an offer being made for the company. The current market capitalisation is now just under

ment sald. received a bid from Seagram who have said that a full bid is con-ditional upon recommendation by

### UNITED BISCUITS PURCHASE

United Biscuits (Holdings) and B.O.C. International announce that B.O.C. International announce that agreement has been reached for the acquisition by UB from BOC's wholly-owned subsidiary BOC Limited of the business of King Harry Foods, which manufactures frozen pizza products principally for the UK. Sales are made under the King Harry brand name and also on a private label hasis. King Harry will continue to King Harry will continue to not been audited. trade from its existing premises at Thame near Oxford, and the Chairman's Statement

existing management team will remain to run the business. Assets involved are abont £1.5m

### APPROACH TO

REED & SMITH Reed and Smith, the manufac turers, processors and mer-chanters of paper in which the National Enterprise Board has a

stake of almost 30 per cent, has received a take-over approach from ao unnamed party. The

RIGHTWISE EXTENDS **DEUNDI OFFER** 

DEUNDI OFFER Dunkiey Marshall announces that its offer of October 31 made on behalf of Rightwise to acquire 375,150 Ordinary shares of Deundi, which was due to expire on November 25 has been ex-tended and will remain open for acceptance until December 9.

Acceptances have in date been received from 30 Deundi share-holders in respect of 11.441 shares (2.2 per cent.). Rightwise and its concertees held or had agreed to acquire 170,500 Deundi shares offer will not, according to the (32.8 per cent.) on September 30 Pension Funds advisors. S. G. and have acquired a further 37,000 shares (7.1 per cent.) since that

### WINTOUR SAYS WATT'

The directors of Wintour Holdings have lesued a holding state-ment telling shareholders to take funds were using strong and ment tening shareholders to take tactics on shareholders. He no action over the offer to take pointed out that they were pro-tected should the market rise by the formula on which the offer rently under consideration.

> GODFREYS-Ziflynn, a private company under the control of Mr. /W. 7 Wood, chairman of Godfreys, is to bid 2.5p per share for Godfreys An irrevocable undertaking to accept has been received from the liquidator of Norsteady Invest-ments in respect of 5,481,021 sbares (86 per cent.). Godfreys, which operates as motor engineers and distributors, reported a pre-tax loss of 5138,000



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(Manufacturers of aluminium canopies, prefabricated roofs, chilling traps, steel lintels, up-and-over garage doors)

Financial Times Inesuay International

At a meeting of the Directors held on Friday (25th Novemi, 1977) the Board announced an Interim Dividend of 0.6 pance per st for the half year ended 30th September, 1977 to be paid on the

tom. The talks, which are said to be at an early stage, are with an un-named party. "Other discussions which have taken place in the past have proved abortive," the state-(1976-0.8846 pence per share). The dividend is payable without further the state place in the past (1976-0.8846 pence per share). This results in an equivalent grass dividend of 0.5091 pence per share). Civ months' period to 30th Sept. - 30th Sept.

SX hours bend to	- 1977 - 1976
Turnover	£458,969 £458,
Net profit before taxation	£83,750 £308,1 ,£43,500 £36,0
Net profit after tax Less minority interest in subsidiary	£40,250
Group profit	£33,188 £45.6

The results of the subsidiary, Spheric Engineering Limited.

The difficult conditions in the building indostry, particularly severe reductions in spending by Local Authorities, have adver affected our performance and are reflected in the turnover and p for the half year.

Little improvement in construction activity is expected in Immediate future but, foreseeing this, your Company is Introducing products into its range which are less dependent on our tradie housebuilding market.

Spheric Engineering Limited has performed well and expects even herter in the second half of the year.

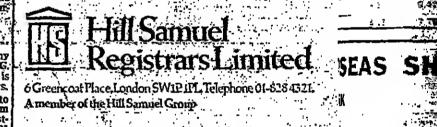
Despite the disappointment associated with the difficult tra conditions we are well placed to take immediate advantage of impr activity when it takes place. Although the year will not he as succe as 1976 your Company remains strong financially and confident of

**United Newspapers** Limited

Share Registration

Hill Samuel Registrars Limited has been appointed Registrar of-United Newspapers Limited as from 1st December, 1977.

All correspondence regarding registration or transfer of shares should in future be addressed to:



conditional. A spokesman for S. G. Warbnrg denied last night that the pension funds were using strong arm

is valued, that they were pro-tected should the market fall by the guaranteed minimum which the pension funds have agreed to pay, that there was nothing further to be said by either the pension funds or the directors of the trusts (who have urged shareholders to reject the hid) and that shareholders must now make up their own minds.

WM. EWART

The offers remain open.

SONOCO/TPT

Warhurg, be open for acceptance date after that date, whether or not it has become or beeo declared un-

received a take-over approach from ao unnamed party. The Reed and Smith share price was suspended, at the company's request et a price of 35p-a level which places e market capitalisa-tion on the company of £2.8m. A further aunouncement is promised "as soon as practic-able."

the manufacture and sale of pro-

beyond its traditional firework activities and has thus deployed Standard's technical expertise lo

the Glenlivet Board. That recom

FIREWORKS BUYS

BARTON PROPS.

**STANDARD** 

mendation has not yet been

and from the following branches of Midland Bunk Limited; City Branch, Park Row, Levels, LSI HLD, Poulin, and Princes Street, London, ECIP 2BX, Winchester House, 90 Old Brand Street, London EC2N 1BA. 3 Threadneedle Street, London, EC2R 8BO, CITY OF LEEDS Offer for Sale

### MORGAN GRENFËLL & CO. LIMITED

### £12.000.000 CTTY OF LEEDS FLOATING RATE STOCK 1982 AT £100 PER CENT., PAYABLE IN FULL ON APPLICATION

**Application Form** 

The completed form, together with payment in tull, should be lodged with Nidland Bank Limited, New issue Oopartment, Mariner House, Papys Street, London, ECSN 40A not later than 19 a.m. on Thursday, 1st December, 1977. Postal opplications should be made by first class mail.

•	Nominal amount of Stock. for which application is made	Amount enclosed at £100 per cem.
	£	£

Applications must be for a minimum of £100 of Stock and must be in multiples of \$100 of Stock up to \$1,000 of Stock, in multiples of \$500 of Stock up to \$5,000 of \$100 of Stock, in multiples of \$1,000 of \$10ck, in multiples of \$5,000 of \$10ck and thereafter in multiples of \$5,000 of \$10ck. The right is reserved by Morgan Greater a to Limited to instruct Midland Bank Limited (I) to present all cheques for payment and to retain the definitive Stock Cortificate and surplus application moneys pending clearance of this reserved on the surplus application moneys application or to accept any application in part only. To Morgan Greatell & Co. Limited. Genilemen.

(5) Morgan Greatell & Co. Limited. Genliemen. 1 We enclose a cheque for the above-mentioned sum, being the amount payable in full at 2100 per cent, on application for the above-mentioned nominal amount of City of Leeds Floating Rate Stock, V& T'lha Stock, T. I'We ofter to purchase that amount of Stock upon the terms of your Offer for Sale dated 28th November, 1977 and I we hereby undertake and agree to accept the same or any lester amount in respect of which this application may be accepted. I We hereby authorse you to send a definitive Stock Certificate in respect thereof and or a cheque for any mone's featurable to me, as by ordinary post at my, our risk to the address first gree below and to procure my our minument to be placed on the Regener as bolderist of the nominal amount of Stock allocated to me'us.

allocated to metus. I. We continue that due completion and delivery of this Application Form accom-paned by a cloque, will constitute an undertaking and representation that the cheque will be honoured on tirst presentation.

IMPORTANT.—To comply with the provisions of the Exchange Control Act, 1947, the Applicant(s) must make the Declaration contained in the following paragraph, or, II unable to do so, must delete such paragraph and arrange for the Application to be lodged through an Authorized Oppository\* or an Approved Agent in the Ropublic of Iroland\*. No application can be considered unless this condition is fulfilled.

1/Wo ductore that I/wo om/are not resident outside the Scheduled Territories d om/are not applying for the Stock as the nominee(s) of any person(e) residen side thom Territones. (1) Signature.....Dated 1977.

USE BLOCK	Survanie and Designation (Mr., Mrs., Miss or Title)
LETTERS	For chance(*) (ch fuu)
	Address (in fill)
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c	tin the case of joint applications, further applicants must sign and complete felows
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LETTERS 

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INSTRUCTIONS INSTRUCTIONS — et joint applicants, all most sign and, in the case of a corporation, this form most be completed under hand by a duly authorised officer who should state his designation. The phenomethod be made payable to "Midland Bank Limited" and crossed.

The cheater should be made a system to "minima bank content and crossed.
 Please pin the cheater to this form. Starles should not be used.
 A separate cheater, which must be drawn on a bank or branch thereof in England.

4. A separate choice, which fuscible drawn on a bank or branch thereof in England, Stotland or Uvales, must accompany each application. Bayments of LS000 or more should be made by Banker's draft or by chosed drawn on a four Clearing branch of a Bank in the Cur of London. In this connection, attantion is drawn to the provisions of paragraph 5 below see, anding the retarn of surplus application menes. 5. No recent will be resulted through the post at the trick of the applications but an astronoundegement, will be treated through the post at the trick of the application automation by a delivery by return of the application menes. 6. No recent will be treated through the post at the trick of the applications astronound overhandl or by non-now the application menes. The algority is reserved to return surples application on new the application ways. The algority is branch or Midland Bank Linuted to one application whose archeoid so a poported by a Banker's draft or by a cheape drawn on a Town Clearing branch of a Bank, in the City of London.

EXCHANGE CONTROL ACT 1947

EXCHANGE CONTROL ACT 1947 Authorized Derivatives are to led in the current issue of the Bank of England's, Notice HC 1 and include noisi Berlis and Stockberkers un and Solicitors practising ins-the Linted Kinedicini, the Channel Hands of the late of Man. An Approach Ageni in the Republic of Ireland is defined in the current issue of the Bank of England's None FC HU. The Medical Conference in gracent comprise the United Kingdom, the Channel Islands, the Isle of Man. the Republic of Ireland and Gubraitar.

Augnet and Southerns has the freehold properly is valued acquired through its wholly at £44,000 thased on net hook owned Dutch Golding company— value at December 31, 1576, with Southerns-Evans Nedterland B.V. subsequent additions at cost). —the capital of Hoothandel W. dc The profits for the current year Vrice B.V., a timber merchants based on loternal management husiness based at Helmond in accounts of Armitage have been Holland. 1976.

While part of Jerome's produc-LAFARGE Details of the Scheme of Armitage it is intended that Arrangement under which the Armitage will continue to trade LAFARGE French company, Lafarge, is to independently as it has done in take over the 45 per cent, of the past and there will be no Lafarge Organisation which it change in the management. The does not already own, were sent acquisition will strengthen to shareholders yesterday. Jerome's position in the industry. Jerome's position in the industry, passed approving the proposed scheme of arrangement for the

Briefly, Lafarge is huying back controt of ils profiteble Lafarge Fondu International and a staff consortium at LO is taking over the rump of LO in the U.K. The consortium is to pay share has been put on the value Holding.

INVESTMENTS On behalf of Reginald F. Clarke year to A orli 30, 1977, compared and Son, J. Balfour McGowan, and with £89,000. Mr. R. L Stoupe (the offerors) announce that accentagoes in the store of t

based on loternal management announce that acceptaces in re-accounts of Armitage have been spect of offers to acquire the acquired by Norstead Investments running in excess of those for capital of William Ewart Invest. a subsidiary of Burston Groupmenis have been received in now in liquidation - in August, respect of 162,813 Ordinary shares 1967. (27.14 per cent.) and 41,198 Pre-ference shares (20,60 per cent.).

### SHARE STAKES

Trust Houses Forte-Sir Charles Forte, director, bought 2,300 shares on October 19.

Blagden and Noakes (Holdings) -Britannic Assurance is inter-At meetings resolutions were ested in 540,000 shares (10.14 per cent. of the 3,324,652 shares in issue) following the acquisition of W. W. Bali and Sons). NCB/BIT In advising shareholders that a TPT not already owned by Sonoco

Crellon Holdings-Sonepar S.A has disposed of 36,860 shares.

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## **City and International Trust Limited**

### Directors:

B. A. C. Whitmee, F.C	A. (Chairman)			
B. R. Basset The Rt. Hon. Lord Boyd-C	Carpenter, P.C.	Sir Robert Clark		
Sir John S. P. Mellor, Bart. Desmond A. Rei	d The Rt. Hon. Lord			
	Year ended 31.8.77	Ten years ended 31.8.77		
Performance statistics	%	%		
Net asset value	+21	+108		
Middle market price (Stock Exchange Daily Official List)	+35	+ 81		
Rate of dividends (net)	+23	+226		
Retail Price Index	+17	+198		
Distribution of investments at 31st	August 1977			
Equities end convertibles				
U.K.		641%		

Overseas (including U.K. companies operating mainly abroad)

Fixed income

### Extract from the Chairman's statement

Our present revenue estimates are running at a higher level than last year and we expect to be able to recommend a further increase in the dividend for the current year.

Copies of the Report and Accounts can be obtained from Philip Hill (Management) Limited, 8 Waterloo Place, London SW1Y 4AY,



301%

5%

### INDUSTRIES LIMITED INDUSTRIAL DOOR MANUFACTURERS INTERIM REPORT FOR THE SIX MONTHS TO 30th SEPTEMBER, 1977 1977/78 1976/ £000 7.89 £000's Turnover Net prolit (stated after deducting depreciation, andit fees, Directors' - remuneration and interest charges). 60 26 Less taxation ..... 31 13 ................ Net profit (unaudited) ..... 29 12 The disappointing results are, in the main, due to

slow recovery of activity in the building industry. Act, is being taken to rationalise the Group's activities and the management team is being strengthened although it n be some time before a material improvement in profits ( be achieved

In spite of the reduced profits, it is proposed to maint: the same interim dividend, namely 1.75p per ordinary stordinary "A" share, which will be paid on the 19th Janua 1978, to shareholders on the company's register at 28th Decta ber, 1977.



suppliers of specialist services to the construction industry Interim Report for the Half-Year to 31st August 1 6 months anded 6 month

	5 9 U U U U I I I
	31.8.76
(unaudited) (una	udited
£000's	£000%
Tumover 32.000	an in and
	29,000
Profit before tax 1,140	
	1.259
Profit attributable to members 790	-
/30	100
Interim Dividend of 1p per share payable on 27th Feb	643
the state payable on 2701 Feb	1978.
The Directors expect to recommend the payment of	
The second of the second of the payment of	8 HBA
Dividend of 9494p, the maximum permitted	-

FUTURE PROSPECTS

The turnover for the year ending 28th February 1978 probably exceed the previous year. The end of the two is period of reduction in our net margins could well be in a c and, whilst we are unlikely to attain last year's record prot at this time. A.C.V. TELLING, Chat

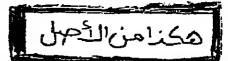
Capies of the full interim statement may be ablajoed frees the Secretary at Barley Wood, Wrington, Avon 8518 TSA

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See Page 36

هكداهن الذحيل



## **IGN EXCHANGES**

### very weak \$

### **GOLD MARKET**

### Nov. 35

31

Trading was rather quiet but following increased buying interest in a lairly thin market. nervous, ahead of the anoouncemoot of the U.S. trade ligures for

NEW YORK, Nov. 28, October. Most currencies were

AND LORG, WALL STREET CORRESPONDENT. 

 Notest Billed Billed Sale El & Gas 143-50 Frader Sale El & Gas 143-50 Frader Frader Frader Billed Sale El & Gas 143-50 Frader Spain prote.... Rate is c

Guld rose \$3; tn \$1612-162, tran

### EXCHANGE CROSS-RATES

Paris Brussels ; Loudon :Amst'd'm! Zurteh dull trading, with invited selling centred on Blue Chips. Hong Kung Bank and Jardine 63.75-25 (6.34-35) 4.033-039 92.48-68 102.96-3.06 20.82-84 2.8540-60 1.3168-8175 41.74-17 45.40.43 1.30-25 (3.455-390 2.816-2.855 20.20.151 23.4.5.4 1.30-25 (3.457-37) 4.3545 (3.57-30) 2.31-25 (3.47-37) 4.354-36 (3.57-30) 2.31-25 (3.47-37) 4.354-36 (3.57-30) 
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 Nep Yurk\*
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 Numa Janu
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 Karneb
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 6.1623-87
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 83.26-80
 11
 Matheson lost 20 cents each to SHK18.00 and SHK13.00 resper-3.57 -90; 111.303-415 tively, while Swire Pacific shed 5 cents to sitK5.95 and Wheelock 2.5 cents to SHK2.425. San Company retreated 15 cents to SHK2.23 on the reduced in-

U.S. S in Toronto U.S. 9 = 110.82.96 Canadian Cents, Canadian S in New YorkS ... 90, 12-14 U.S. cents, U.S. S in Silian \$777.90 Av, Sterling in Milan 1895.35-1696.65.

### **EURO-CURRENCY INTEREST RATES\***

showed a modest recovery after last week's weakness, but with concern over the Government's FORWARD RATES election prospects remaining a restraining factor. Among industrials, EHP gained S cents to \$4.5.22, while Jennings added 5 yents at \$41.10. Maer, in W.Iverman 347188 Dollar U.S. Down Ginkier Nov. 22 Ternos IT MLC'S 5-5:4 5-3:4 51:2 3:4 31:6 6 614 
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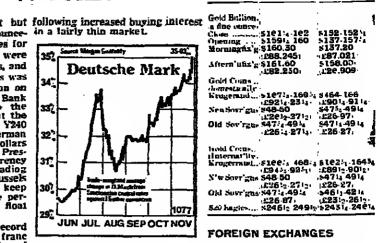
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 64-612 658-676 718 738 676 718 676 713 738 733 331 319 53: 510 53: 510 53: 310 4-410 12 20 444 1)5 2:4 254 218 hardened 3 cents to Most Banks gained ground, BNS Most Banks gamed ground, BNS Wales rising 4 cents to \$A3.06 and ANZ 9 cents to \$A3.22, but National receded 5 cents to \$A2.45. Euro-Frerch deposit rates: two-day 0116-81516 per cent.: seven-day 0116-8151 per cent.: one-month lit-lif per cent.: three-month 125-121 der cent.: sta-mont 121516-1312 per cent.: one-scar 125-122 per cent. Lung-tent Eurodollar deposits: run years 7916-11516 per cent.: three years 7116 http://www.scar.ista.com/scar.ista.com/scar.ista.com/scar.ista.com/ litip per rent.: tour fears 15-5 per reot.: firs years 73-39 per cent. Lung-term Eurodollar deposite were sensitive for the control lines feats (11g-ling per rend); four sears 1:6 per reol; free jears 7:-3) per cool. The toline math and the search of the control of the search of the control of the search of SA2.43. In the Mining sector, Utab advanced 20 cents in SA3.25. Peko-Wallsend 15 cents to SA4.65, and Queensland Mines 10 cents to SA1.63, pluic CRA added 7 cents 12-month 1.08-0.90c Int. BRAZIL AUSTRALIA TOKYO

Prices ;+ or Die. Yid. Price + or Div. Tic 104. 5 Private + of Dir. You Nov. 23 Nov. 28 Nov. 22 05,2 +0.2 Asabi (Plashanini) 545 Galera, 448 Laster, 489 Chillen, 345 AUMIL (20 - post) -2 20 -2 17 -0.4 16 5+1.5 20 -0.2 18 A more Australia 1 ilert Muter Trile, Tedus SI, 1 input Exploration 1 mpol Exploration 1 mpol Petroteum 1 more Muterala 

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CURRENCY RATES

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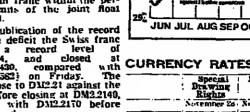
Market Rates

1 450-4.45 , 8.85-10.00 75 80 150, 1543 3 5.90-4.05 1.01-1.82 a 35-38 Span Switz land lanada..... 

### Rate gives for Argeolube free rale.

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-	Franklurt 15g 56 pt dis	34a-25a pi pan
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	Zurnih Los be e. pm	414-514 r. pm
S;	Six-month lorward do	llar 0.28-0.16c pm;

## convertible tranc. Financia OTHER MARKETS



AUSTRALIA - Share prire

terim dividend.

Stores, SA1.78.

at \$A2.15.

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GERMANY +

See. 12

LLTI Atlianz Versteller DM Wanness PASP

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Indices and base dates (all flase values tot except AVSE All Common — 50 Standards and Poors — 10 and Intumo 1064,1000, the last-named based on 1955; (a) Stdney All Ord, the Ectuan SE at 12 63 (d) Copenhagen SE 1175 for Parts Bourse 1961, (f) CommerZbatk Decentier, 1935, (g) Amsterdam, Indus-trial 1970, the Hana Seng Bank 31.7 64 (k) Milan 2-173, (m) Tokyo New SE 4 1.65 (g) Straits Times Bok, 10.7 64 (k) Milan 2-173, (m) Tokyo New SE 4 1.65 (g) Straits Times Bok, 10.7 64 (k) Milan 2-173, (m) Tokyo New SE 4 1.65 (g) Straits Times Bok, 10.7 64 (k) Milan 2-173, (m) Tokyo New SE 4 1.65 (g) Straits Times Bok, 10.7 64 (k) Milan 2-173, (m) Tokyo New SE 4 1.65 (g) Straits Times Bok, 10.7 64 (k) Milan 2-173, (m) Tokyo New SE 4 1.65 (g) Straits Times Bok, 10.7 64 (k) Milan 2-173, (k) Milan 10.7 65 (k) Milan 10.7 70 (k) Mila

Investment premiom based on

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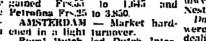
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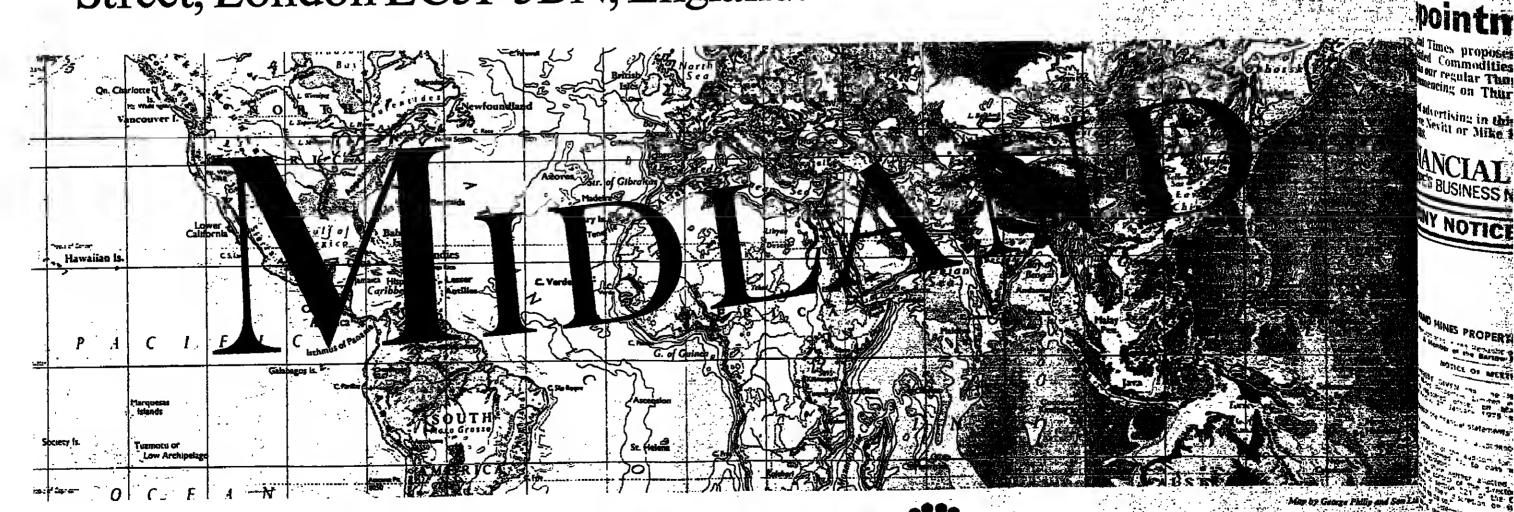


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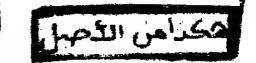
We will give you a prompt yes or no on whatever you require. Cut red tape to a minimum. And make sure documentation isn't a waste of your time. TESTUS: Contact George Barrett our Corporate Finance Director. Tel. London 606 9944, ext. 4210, telex 888401, or write, 651 .: 466. 6 month 161.5-163. Midland Bank Limited, International Division, 60 Gracechurch INCLAI Street, London EC3P 3BN, England. mmod

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### **Midland Bank International** Delivers.



## ARMING AND RAW MATERIALS

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### Our Commodities Staff

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### winter wheat crops BY OUR COMMODITIES STAFF

Our Commodifies StaffBY OUR COMMODITIES STAFFTH REPORTS that the<br/>I Unlam wos oore more<br/>g lead and that Japanese<br/>again pushed up prices<br/>the day falles a tonoc up<br/>ithe day falles a tonoc up<br/>the day falles a tonoc up<br/>ithe day falles a tonoc up<br/>to the International Wheat<br/>and exit conditions up are excellent<br/>the day falles a tonoc up<br/>sits were in the exported<br/>the day falles a tonoc up<br/>to the International Wheat<br/>mode were wore<br/>of the excellent is compare wirebar<br/>the day falles a tonoc up<br/>to the International Wheat<br/>mode and the start report the falles<br/>the fall of Japanese<br/>the fall of Japanese neer<br/>the fall of Japanese<br/>the fall of Japanese<br/>the fall of Japanese neer<br/>the fall of Japanese neer<br/>the fall of

## Moves to underpin beef market

### BY OUR COMMODITIES STAFF

THE BRITISH Government has The Ministry hopes that the key returns fall shart of this taken emergency setton to push intervention Board will take in level, they are topped up with (ATION of the strict limit up the price lariners earn at mar-surpluses, which are depressing deficiency payments haid partly number of North Pacific ket for their beel animals, farmers' prices and that a by the Exchequer and partly by whales to be cought in the because its system of guaranteed reduction in the supply of meet the EEC. whaling season has been prices secons to be on the verge to the retail chain will help int-index the there luft breakdown.



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### **MMODITY MARKET REPORTS AND PRICES**

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**Better times ahead** for meat producers

وكنامن لأجل

prices resumed on the London futures market yesterday with ocarby positions failing to new 10-month lows. January delivery cocoa ended the day BY CHRISTOPHER PARKES

256.50 lower at EL.923 a longe. Prices drifted lower after

the openine as dealers weighed up the significance of news that up to 31 steamers carry-Inal up to 31 steamers carry-log between ::0,000 and 45,006 tonnes of coroa were beaded for northern Europe. To the afternoon the hearish trend was forther ecouraged by the

conergence of more producer selling, particularly from the trory Coast. Falls were registered in att positions boi nearbys bore the brant of the decline, indicating that the market was react-

in the latest edition of "The series of this process is could be 10 per cent, down, they roung Friestan hull caives.
in the latest edition of "The series of this process series of this per cent, down, they roung Friestan hull caives.
is built for Acricaliance" public series of this per cent down on the early part of 1978 they forecast a topped this series of this per cent.
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World markets will be abundantly supplied with fertifier, but negoliatioos now under way in Britain will probably lead to price increases anoung complexity of the press of the press will be cause of the press will be abundantly supplied with probably lead to price increases anoung complexity of the press of the press will be abundantly supplied with fertifier. No main crop purchase Bgure was published by the Ghana Cocus Markeling Roard yesterday but dealers said that t the figure had been anything like recent times it would have been ignored in any case. This season's figures, which have taken the ufficial total in only 20,000 tannes in the first five weeks, have been received with ondiscuised scepticism hy

domestic beef production. This, For milk producers, who to price increases along com-emipled with pork shortages and expect a jurther price rise on pound fertilisers of 5 to 12 per increased consumer spending January 1 wheo the U.K. takes cent.

REGARDLESS of what the Composer, should lead at last in the final transitional step to EEC pricing. the forecasters say there prices, there during there and sheep and although there will be the during 1978. Returns on cereals usual seasonal should not be so ultre "green pound"—a measure which is almost wholly under the the only possure source of consultation for the consumer while appear to be abundant sopplies, while a following the reduction in the "green pound"—a measure which is almost wholly under the program of the program is the price increase during there entit on the consumer while a source of consultation for the consumer while appear to be abundant sopplies, while a precent, in the New Year, these are the key forecasts in the latest edition of "The Outlingk for cent, while inflation stows to 12 to 13 per cent, in the New Year, these are the key forecasts say.
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whaling season has been prices securs to be on the verge in the retail chain will help immedia by the intervention Buard - the official in the committee under pression anounced yealerday that for the distingtion of "new influences anounced yealerday that for the official in the common Market's found again and the Soviet Brs time sected. There is thus a danger take week to the form sound be intervention Buard - the official in the common Market's found in the use at the weekly London to the weekly London to the set of the set sectors. These are prime used animals will be the busy of the set sectors. These are prime used animals will be the busy of the set sectors. These are prime used animals will be the busy of the set sectors. As a special concession the function will display the the set sectors to the set of the set sectors. As a special concession the function will display the the set sectors to the set of the set sectors. Setting to the set sectors to the set of the set o

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New lows

By Our Commodities Staff

THE RECENT deellne in cocoa

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PRICE CHANGES U.S. Markets

Frices per tonne unless otherwise

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### INTERNATIONAL FINANCIAL AND COMPANY NEWS

## **Montedison** resignation

### BY PAUL BETTS

A FURTHER abake-up in the top macagement of Italy's crisis-ridden chemicals congiomerate. Montedison. surfaced here to-night with the sorprise resignation of Signor Alberto Grandi, the company's senior vice-chalrman.

A company spokesman would make no further comment, bot

it is understood that Sig. Grandi was dissatisfied with his area of responsibility following a reorganisation of senior management functions after the resignation earlier this year of the Montedisou structure. chairman, Sig. Engenio Cefis. Sig. Giuseppe Medici (70). 1e veteran Christian Demulhe

### close on £115m. eral politician and former

### NORTH AMERICAN NEWS Hudson's Bay profits fall

### BY JAMES SCOTT

LIUDSON'S BAY Company had quarter improved over the com-guardedly optimislic that profits for the nine months parable period last year, reflect Christmas sales will be huoyant-ended October 31 of SC8,5m, or ing a continuation of the trend Natural resource earnings 60 cents a share compared with in the first six months. should SCS.6m. or 62 cents a share for Earnings from real estate, present favourable trends and the comparable period last year, however, continued to reflect a real estate earnings will not Revenue increased to SCIbn, shorifall from the previous year, have to contend with abnormally from SC951m. the third quarter in 1976 being high comparable figures for the For the latest nine months a particularly strong period for last quarter of 1976. period, merchandising profit was land sales. Since the compar

Fur the latest nine months a particularly strong period for last quarter of 1976. period, merchandising profit was land sales. Since the company acquired as compared \$C13.8m. a year earlier. Real estate profit was \$C12.4m, generally unchanged from the company has developed plans for rompared with \$C21m, and first half of this year and the the opening of financial services profits from natural resource company said it is not possible centres in eight Hudson's Bay interests was \$C9.6m, compared to predict with any degree of stores next year. Merchandising and natural look for the balance of the year, further six stores in 1978 and In the third liowever, the company is seven stores will be expanded. In the two ster

Montedison, which employs nearly 150,000 pcopie, reported lasses last year of L172hn, or

### GERMAN NEWS Hoechst setback extends to 16% BY GUY HAWTIN

ing NV is raising £10m, for 10 Like its competitors BASF and year. years with an indicated coupon of 10 per cent. The issue which Bayer-whose pre-tax setbacks Performance varied greatly is guaranteed by Fisons Ltd. is were 19.6 per cent. and 61 per from sector to sector, but the cent, respectively-Hoechst has real cause of the decline was to led by Morgan Grenfell with

of 10 per cent. The issue within bar were 18.5 per cent. and 61 per free cause of the decline was to respectively—Hoechst has the cause of the decline was to respect to be had by the decline in the intervent inter

ware unchanged and seemed to months of 1970. The picture at Hoechst AG market, yeared ag was excerption of the comparation eorigi of last incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell 13 per incoally lusy for a Monday year, sales actually fell actual for a Monday year, sales actually fell actual for a Monday year, sales actually fell actual for a for actual throws incoal the sale sale of the sole of the so

### All of these securities having been sold, this announcement appears as a matter of record only.

New Issues / November, 1977

FRANKFURT, Non

Financial Times Tuesday November 22. 197

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By Francis Ghilds CONTRARY to some creeta-tions, two further sterling bonds (f honds) were launched yester-day. Fisons International Financ-ing NV is raising £10m, for 10 years with an indicated coupon f 10 Second the previous law of the main in the final quarter of the previous lems of the main and suggests. Like its competitors BASF and year. By Francis Ghilds Contract of the previous lems of the main and suggests. Like its competitors BASF and year. By Francis Ghilds Contract of the previous lems of the main and suggests. Like its competitors BASF and year. By Francis Ghilds Contract of the previous lems of the main and suggests. Like its competitors BASF and year.

TORONTO, Nov. 2S. reflect

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NEW YORK, Nov. 28.

## Setback for NYSE members

### to \$30.8m, in the third quarter, and 106 losses, from \$90.4m, in the same 1976 The Street period, the NYSE said, Reuter reports

3.2 per cent annual return on the options, underwritings, and fruis average nel worth of interest income, as well as com-\$3.9hn, in the quarter.

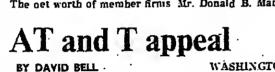
The 66 per cent decline from 197fi third quarter earnings came as the exchange experienced an increase of 11.4 per cent. in average volume. Of 371 firois re-porting, 248 had profits and 123

The same firms had a total net

mission revenues.

NEW YORK Stock Exchange Of the 384 firms reporting for is the sum of their subordibated member firms total net profit fell the nine months 278 had profits debt and stockholder equity, or partoership capital.

 AP-DJ reports: U.S. Governom \$90.4m in the same 1976 The figures include revenues meet actions, coupled with a protocol, the NYSE said, Reuter The figures, including trad-prolonged siege of difficult approximate and investment activities, market conditions. have made the equity market in the US. the equity market in the U.S.



profit of \$149.50. after taxes in THE U.S. Supreme Court to-day District Court to hear the case profit of \$149.5m. after taxes in THE U.S. Supreme Court to day District Court to hear the case, the first nine months, of this removed the legal obstacle that The suit charged AT and T and year, representing a 5.1 per cent, has been holding up the Govern- its manufacturing subsidiary annual return on average net ment's prosecution of American Western Electric with monopo-worth of \$3.9hn. Nine-month Telephone and Telegraph (AT Usetern Electric with monopo-profit in 1976 was \$355.5m. and T) in one of the largest anti-the latest nine months' profits trust suits ever filed to the vices and equipment, and urges the compared of the largest the compared to dever itself of

New rescue package for SGI

BY OUR OWN CORRESPONDENT

BY OUR OWN CORRESPONDENT A NEW PACKAGEs for the it was also announced that trolled by State holdin rescue of the former Sindona Condotte d'Atuna Spar shares pany IRI; as part of pla-construction and property group, will be quoted again on the for salvage of Generale Immu Societa. Generale Immobiliate ward market from to day after Meanwhile no common (SGI), appears to bave been put their recent restriction to the available from Genera together. This latest salvage plan is reported here to involve an eventual take-over of the Reuter reports that The Boorse mobiliare oo Press report troubled company by one of Commission (Cansob) said the a new plan is being stat emmires, the Pesenti group. Representatives of the Milan Condotte d'Acqua, which is con. SPA chairman Carlo Pes-financier. Sig. Carlo Pesenti, are

"more volatile and less liquid." Palne Webber inc. President,

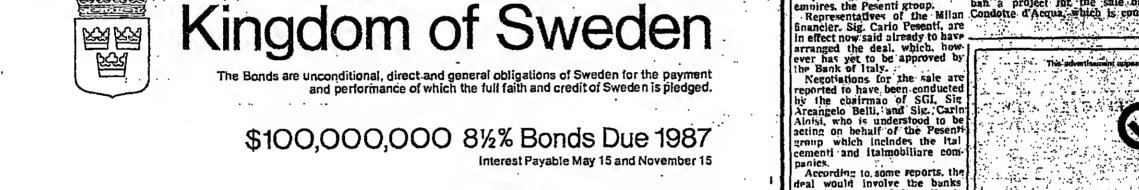
represented a decline of site profits bills solts ever it led to be company to divest itself of City of Bergen plans to doal a far more healtby SO per cent, while the Exchange's The Court refused to hear an its long lines department to the Swise trade stead, the doal a far more healtby SO per cent, while the Exchange's The Court refused to hear an its long lines department to the Swise trade stead to a far more healtby SO per cent, while the Exchange's The Court refused to hear an its long lines department to the Swise trade stead to a far more healtby SO per cent, while the Exchange's The Court refused to hear an its long lines department to the Swise trade stead to the far more healtby SO per cent, while the first state stead to the far more healtby to far more healtby to the right of a lower Federal encourage competition.

The oet worth of member firms Mr. Donald B. Marron said,

WASHINGTON, Nov. 28.

### Two more £ bonds ROME, Nar. 28. Minister, why succeeded Sig. Cefis, is to take over Sig. Grandi's executive responsibilities temporarily, presumably pending a forther reorganisation of the top management

EUROBONDS



\$200,000,000

## \$100,000,000 9% Bonds Due 1997

nterest Payable May 15 and November 15

Salomon Brothers

The First Boston Corporation

Merrill Lynch, Pierce, Fenner & Smith

White, Weld & Co.

Svenska Handelsbanken

PKbanken

Skandinaviska Enskilda Banken

Goldman, Sachs & Co. Kuhn Loeb & Co. **Drexel Burnham Lambert Bache Halsey Stuart Shields** Blyth Eastman Dillon & Co. Dillon, Read & Co. Inc. Lazard Frères & Co. Hornblower, Weeks, Noyes & Trask E. F. Hutton & Company Inc. Kidder, Peabody & Co. . Paine, Webber, Jackson & Curtis Loeb Rhoades & Co. Inc. Lehman Brothers **UBS-DB** Corporation **Reynolds Securities Inc.** Smith Barney, Harris Upham & Co. Wertheim & Co., Inc. Dean Witter & Co. Warburg Paribas Becker Scandinavian Securities Corporation **EuroPartners Securities Corporation** Bear, Stearns & Co. L. F. Rothschild, Unterberg, Towbin Arnhold and S. Bleichroeder, Inc. Weeden & Co. Shearson Hayden Stone Inc. ABD Securities Corporation Banque Nationale de Paris Basle Securities Corporation Dalwa Securities America Inc. Kredietbank S.A. Luxembourgeoise **Robert Fleming** Kleinwort, Benson **Hambros Bank** The Nikko Securities Co. Nomura Securities International, Inc. **New Court Securities Corporation** J. Henry Schroder Wagg & Co. Sparbankernas Bank Westdeutsche Landesbank Yamaichi International (America), Inc. Girozentrale The Bank of Bermuda Caisse des Dépôts et Consignations County Bank Limited Götabanken Hill Samuel & Co. New Japan Securities International Inc. Samuel Montagu & Co. Kuwait Investment Company (S.A.K.) Suez American Corporation Sundsvallsbanken Vereins- und Westbank Nippon Kangyo Kakumaru International, Inc.

which have extended credits to SGL converting some L35.7bn /ahout £24m.) of bands inta new SGI shares. These new shares would theo he said to a halding US \$20,000,000 company, two-thirds owned hu the Pesenti group, which would Private Placement sn gain control of the troubled property company. At the same time, however, the banks would also acree 19 gran **EMPRESA ELECTRICA QUITO S** a moraturium on all outstandios SGI debis until the early 1980, and furthermore would extend any additional credit the com nany might require. For its part guaranteed by the Pesenti groun would arree to inject some 1,20hn of fresh capi-tal into SGI by 1979. THE REPUBLIC OF ECUADOR (Canon) **Ronsselot** expects arranged by higher profits 2 per cent. Co PARIS, NEV. 28. LIBRA BANK LIMITED 953 G. E. Hall ON THE expectation that net ON THE expectation that net profils will increase to Frs.42m. from Frs.30m. in 1977, Rousse-ini SA, whose shares were required on the Paris hourse last Friday, will raise its interim dividend hy Frs.41 to Frs.251. A total of Frs.43 was paid for 1976. SWISS BANK CORPORATION The dividend decision was taken by the Board fullowing an extraordinary general meet-ing of shareholders which The Mitsubishi Bar approved the suppression of a company, statule limiting each shareholder to a maximum 8.000 vntes whatever his huid-Limited When suspended by the Paris bourse back in July, Negotiable Floating Rate U.S. Dollar Rousseiot was trading at Frs. 340. Certificates of Deposit: "ng:- s Carion In

Maturity date 28 November 1980

In accordance with the provisions of the Certain of the construction of Deposit notice is hereby given that for the init die construction of Deposit notice is hereby given that for the Certain construction of the certain const

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Interetud link with

CREDIT LYONNAIS said its.

CREDIT LEUTING subsidiary Societe d'Etudes et de Representations pour le Commerce International

Commerce International (Intereind), has taken a stake

in Credit Factoring Inter-national SA by subscribing ex-

clusive when the company raised its capital in Frs. 1.35m. from Frs.1m., reports Reuter

The company is a subsidiary of Credit Factoring Inter-national, uself 100 per cent.

The Association will take full effect from January.

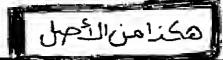
West

owned by National minsler Bank,- it said;

from Paris.

1978.

**Credit Factoring** 



## Extends Insche IONAL TERNAT FINANCIAL AND COMPANY NEWS

## \$500m. consortium loan package for Indonesia

NORGAN GUARANTY TRUST and will also be lead macaged 1977. It recorded an overall be manufacturer, will ertainly break through the the biggest foreign consort fureign consort

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and Times Tuesday November 29 1977

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ridend reprovement for Porsche inprovement for Porsche in lina with the target suggesting profits of hv the WY agrop pent last year. In the ling mid-1976 the comhieved a 1.2 per cent in sales, which it said adequate for its future

articularly in the main on facility at Stuttgart both the 911 and 928

are being made. expected that investment MTOm. (£17m.).

Id Storage package 13.2m.

Announced in Jenuary, recent years will carry an in retraining, out of its anancial in-terest rate of 14 per cent above difficulting. In profits, from the load London inter bank offered in treast rate (LIBOR).
The loan syndication which is by January for these two existing capetied to include some 50 loans which total \$850m.
The loan syndication which is by January for these two existing capetied to include some 50 loans which total \$850m.
Some 14 banks have been in-terease in carry and the United States.
Some 14 banks have been in-terease in carry and the United States.
Some 14 banks have been in-terease of 85 per cent.
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Strapid in January in terms of index in the strapid in the form of a replace.
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is risen from S,000 units will be in the form ni a replace maturity and lower interest. The 924 modal, made ment financing facility. udi-NSU factory owned it will replace the outstanding indonesta's current foreign ex- of Singapore as the co-ordinating swagen at Neckarsulm, balance of two consortium loans change reserves now stand at contre for the loan has given in stream after its in \$425m, each. These two five more than \$2.5bn, compared Singapore's effort the become a icon two years ago. icon two years ago.

BY H. F. LEE

Wearne drives up earnings

LEADING LDCAL motor trader, has changed its accounting treat-been transferred to georal be, a family-owned com-Wearne Brothers, has turned in ment of interest on hire purchase reserve and is, hence, not tad by members of the lits best-ever performance with transactions with effect from reflected in the latest profit. and Piech families, ex. group pre-tax profits rising 78 per Detober 1, 1976 to an acrual in addition, Wearne reports ao induction to go up again cent, in SS25.2m, for the year hasis, interest on such trans-extraordinary surplus of prent financial year, but ended September 30, 1977. The actinns are now eredited to the SS665.000 arising from the sale

internet financial year, but ended September 30, 1977. The actions are now credited to the \$\$665,000 arisiog from the sale betweeo 5-10 per cent. Impany has now come to of its major new model int programme which launch of both the 924 is sports cars, and the iment is now being internet is now being internet financial year. But ended September 30, 1977. The actions are now credited to the \$\$666,000 arisiog from the sale of its major new model \$557.6m. The programme which is programme which is sports cars, and the is now being internet is now being bother tax and the to \$\$14.6m., resecting a internet is now being bother tax and the to \$\$14.6m., resecting a internet is now being bother tax and the to \$\$14.6m., resecting a internet is now being bother tax and the to \$\$14.6m., resecting a internet is now being bother tax and the to \$\$14.6m., resecting a internet is now being bother tax and the to \$\$14.6m., resecting a internet is now being bother tax and the to \$\$14.6m., resecting a internet is now being bother tax and the to \$\$14.6m., resecting a internet is now being bother tax and the to \$\$14.6m., resecting a internet to \$\$10.6m. less the approval of the relevant in the books as at september 30, the relevant to \$\$10.6m. less the approval of the relevant we are the tax that the tributable tax of \$\$5.1m.—bas authorities.

SINGAPORE, Nov. 28.

By Francis Ghiles FOREIGN INVESTMENTS of

seen at

\$200bn:

**OPEC's** 

investment

SINGAPORE, Nov. 28.

OPEC countries' external debt will amount to \$50hn. and their external assets to \$155hn. by the end of the year. Net assets amounied to Sibo. four years ago before the increase of the price of oil.

consumption, the strategic off stock-pilling programme; and the delays lo Alaskan oll production. Forthermore the bank esti-mates that Iran's current account sorpins in 1978 will be

greater than expected hecause of the likelihood of a more moderate import growth rate under that country's new development plan. These projections are based

on expectations of a slower growth in the OPEC snrplus on the assumption that the group's Imports will rise faster than its

Were the price of by 10 per cent, at 1 the year instead expected 5 per cent. surplus would prohi the order of \$33-3 allowing for imports by OPEC as

FOREIGN INVESTMENTS of countries belonging to the Organisation of Oli Exporting Countries (OPEC) will amount to over \$200bn, by the end of ihis year, according to ocojec-itons published by Morgan Guaranty Trust in the latest issue of its monthly World Financial Markets.

BY RICHARD ROLFE

35

JOHANNESBURG, Nov. 28

SY RICHARD ROLFEJOHANNESBURG, Nov. 28.TWO LEADERS in the South<br/>African aggineering sector have<br/>ereported mixed fortuces in the accounts are likely to show that<br/>Rigures for the 12 months to African Oxygen is riding on a are down in time from 45 cents<br/>september 30, the moral being<br/>that the mining-linked engineer<br/>ing firms are still able to earn<br/>the most huoyant peofits.The rax figure dowo from R18.tm. to<br/>reported mixed fortuces in the accounts are likely to show that<br/>that the mining-linked engineer<br/>with retaiced earnings to the to earn<br/>the most huoyant peofits.African Oxygen, controlled by<br/>BOC, has reported turnover<br/>down from R15.8m. to R132m.<br/>while pre-tax profits have firmed<br/>uo from R15.8m. to R132m.<br/>to R132m.<br/>to R15.4m.The experience at Stewarts and<br/>Lioyds over the same 12 mooths<br/>to goineer on inflation accounting<br/>is quite different, and points up<br/>in South Africa, and pointed mit<br/>tagainst the manufacturer, such 2.6 times by earnings, was not<br/>saftican Oxygen. the former's<br/>covered at alt in adjusted turms-<br/>margins being under far greater<br/>pressure in pressure of Angle.<br/>Stewarts and Lloyds, which is<br/>a African Oxygen, the former's<br/>covered at alt in adjusted turms-<br/>margins being under far greater Presumably this is even mare<br/>pressure in pressure of Angle.<br/>However, the group<br/>apoears set in press on with its<br/>stewarts and Lloyds, which is<br/>2 times. However, the group<br/>apoears set in press on with its<br/>stewarts and Lloyds, which is<br/>2 times to accountion.<br/>The Board ascribes the sharp<br/>to elimination of loss-makingStewarts and Lloyds.<br/>by the Ipsa consor<br/>shade from R2050m. In R2050m.<br/>to account margins base reported turnover down a cash flow will remain under<br/>pressure i pressure at least until the eco-<br/>apoears set in pressi until the cover.</tab<

**South African engineers** 

report mixed fortunes

## Yen rise affects Matsushita

### BY DONALD MACLEAN

MATSUSHITA Electric Indus- —which accounts for 25 per cent. "Panasonic" and "Quasar" itrial Cumpany, the electric of total sales. Excort contracts hrand names, and in the rest of apoliancas concern, will show reduced parent company aarn-ings in the first half, tu May 20, inf its current financial year — from Y23.18bn, in the first half of 1976-77—mainly as a result uf the sharp rise in the value of the yen in the foreign exchanges, accordiog to a company state-ment. Matsushita Electric Company, those of the parent company from years in the foreign exchanges, according to a company state-ment.

Matsushita Electric Company, those of the parent company Japan's largest producer of con-alme-amounting to Y36.95n.

The statement stressed that sumer electric and electronic on sales of Y923.66n. the rise in the yen would products, markets its products in Matsushita bome video disc plan: adversely affect export business the U.S. and Canade under the Page 8.

### Japanese companies' results for half-year to September 30

		Net p	rofits	Operatin	g income	loterim d	lividend
f oll to rise	ł	1977	1976	1977	1976	1977	1976
the end of	l	Ybn.	Ybn.	Ybn.	Ybn.	<u> </u>	<u>Y</u>
i of the	Chubu Electric Power Co.	19.94	9,703	437.53	346.68	25	20
, the OPEC	Kansai Electric Power Co.	24.44	13.21	561.03	456.40	25	20
34hn. even	Shikoku Electric Power Co.	5.23	2.82	110.97	85.07	25	20
her level of a whole.	Tokyo Electric Power Co.	35.18	17.59	886.62	707.19	25	20
s a whole.							

These securities have been cold outside the United States of America and Japan. This onnoncement appears as a maner of record only. NEW ISSUE



Australian take-over moves

BY JAMES FORTH

TAKEOVER ACTIVITY con-extending an offer to all share- 41 per cent, of the capital, which **Hastorage 13.2m. 13.2m. 13.2m. 13.2m. 13.2m. 14.** STORAGE Holdings. Iood and beverage manu-r and distributor in re, and Maisysta, has re-pretax earoings. Soft July 1977. **14.** the same time Adelaide for some 104 per cent. **15.** Some 104 per cent. **16.** Control of the engineers. **16.** Lemon, directors said they ratues Capeo, the Southcosts control **17.** for the six months **18.** Some 104 per cent. **18.** At the same time Adelaide for some 104 per cent. **18.** At the same time Adelaide. **18.** Some 104 per cent. **18.** Some 104 per the some tim ber 20 per cent of the conter the tinues to dominate the huiders.

### SYDNEY, Nov. 28.

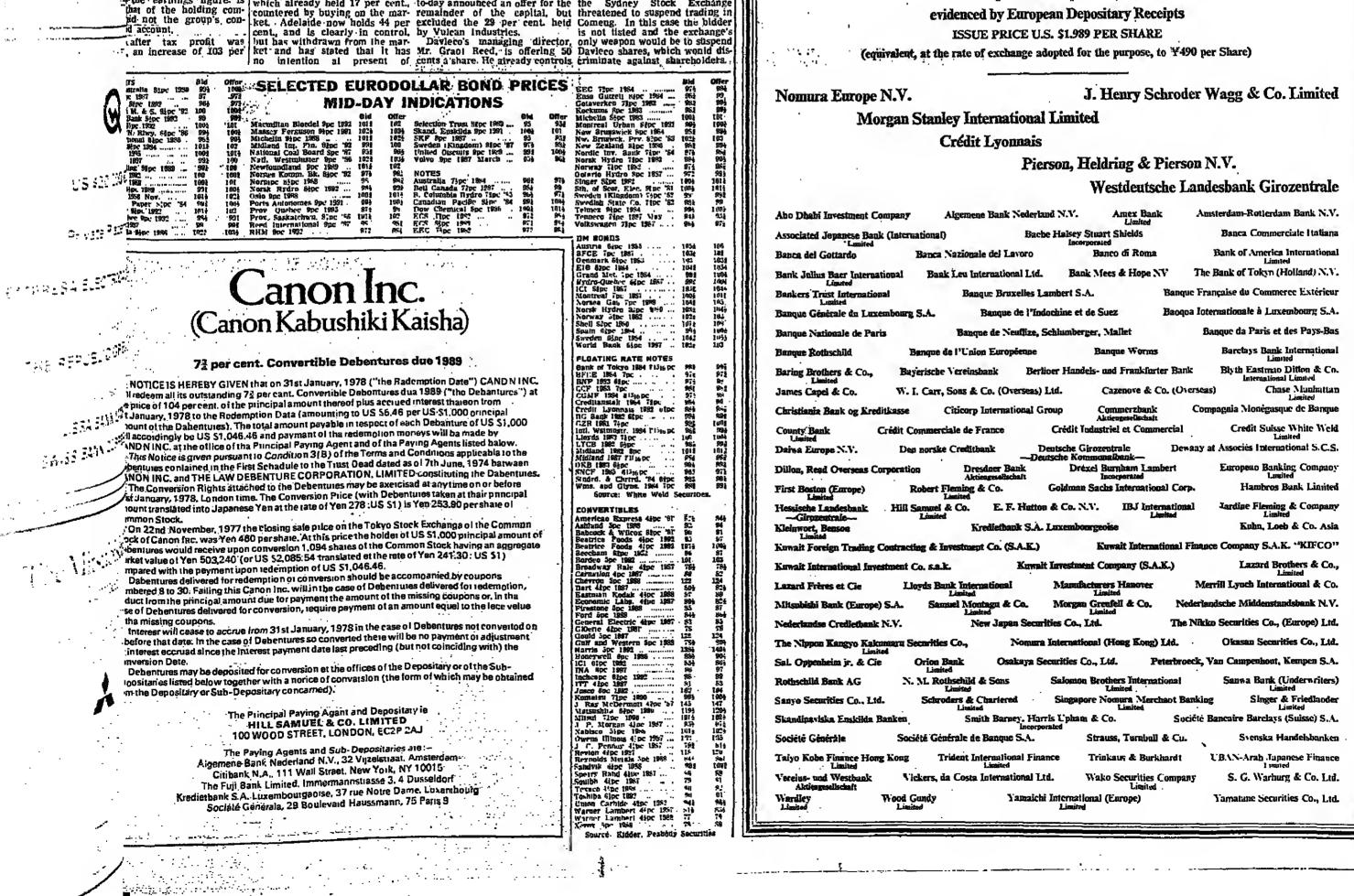
means he is seeking another 30 per cent. Vulcan last year

revenues

The reriew estimates that

ment.

the reliew estimates that this year's combined current account surplus, that is trade halonce plus, net investment income, is likely to be about \$35hn, a figure which it pro-jects will fail to \$28hn, io 1978. This estimate is higher than that suggested in the same nat suggested in the same publication fast June: the main reason for revising these pro-jections has been that U.S. off imports are likely to be greater than originally expected, "reflecting a higher level of off



## STOCK EXCHANGE REPORT

ntact. Southern Shodesians bonds consolidated Consequently, business remained Friday's firmness despite the



results. Dawson firmed 2 to 107p

### FINANCIAL TIMES STOCK INDICE

Financial Times Tuesday November 40 11

E. 74.38 74.06 -75.87 75.13 75.83 74.01 ernment Suci-77.45 77.40 77.73 78.12 78.15 78.78 Fixed Interest 464.5 466.0 456.7 470.0 471.8 475.8 todastria Ordinary. 145.0 159.4 143.3 143.4 140.1 141.1 5.72 5.70 5.80 8.66 5.64 5.51 Gold Mineri Ont, Ulv. Tield Banity Surpover En. \_ \_ \_ 82.84 . 79.24 . 53.41 . 70.105 

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- 82500 on 52 per cent corporation tax. 1 585-5.18. Basis 190 Covr. Secs. 15/10/25. Fired Int. 1925. Ind. Ord. 1/7.75 Mines 12/9/55. SE Activity July-Dec. 1943.

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Gold Min	174.5 t18/10)	95.1 (1/2)	442.3	43.5 (25)(0/71)	l Speculative	40,(

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DEALING DATES Chemical: Ultramar, 3 First Last Last For Warrants Land Securit Deal- Deal Declara Scitte Centrol, London and 1 ings tion ment Orme Developments, ings ings tion ment orms Developments, Nnv. 22 Dec. 5 Feb. 23 Mar. 7 Land, New Thin Dec. 6 Dec. 19 Mar. 9 Mar. 72 Warrants, Gilispur, and Dec. 20 Jan. 10 Mar. 30 Apr. 11 Deferred. Ppts were Dec. 20 Jan. 10 Mar. 30 Apr. 11 Deferred. Ppts were For rate indications see end of and Racal, while doubly Share, Information Service were transacted in GE Money was given for the call of Burmah Oll, ICI, I Vickers, Stafler, Lourbo, Burmah Warrants, Courtanids at Oll, Kwik-Fit, Racal, Coalite and Group 

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Rocent Issues ..... Totals

RECENT ISSUES	These indices are the joint compliation of the Financial Times, the Institute of Act and the Faculty of Actuaries	
EQUITIES	EQUITY GROUPS Mon., Nov. 28, 1977	

**BLACK DIAMONDS PENSIONS LIMITED** (A company wholly owned by the National Coal Board Pension Funds)

## Offer for the Ordinary Shares of THE BRITISH INVESTMENT TRUST LIMITED

The Offer has been extended until 3 p.m. on Monday, 12th December, 1977.

The Offer will NOT be open for acceptance after that time whether or not the Offer has been declared unconditional.

The guaranteed minimum cash price per Ordinary Share of The British Investment Trust Limited is 165p in cash, the highest price paid by Black Diamonds **Pensions Limited.** 

Upon the Offer becoming unconditional accepting Ordinary Shareholders will, under the terms of the Offer, be entitled to receive at least 165p in cash per Share for their Ordinary Shares of The British Investment Trust Limited or a higher cash amount if the formula value is higher on the day on which the Offer becomes unconditional.

The Board of Black Diamonds Pensions Limited and its financial advisers, S. G. Warburg & Co. Ltd., are firmly of the opinion that the Offer is generous and attractive, particularly so following the inclusion of the guaranteed minimum cash price of 165p per **Ordinary Share, Accordingly Ordinary Shareholders** are strongly urged to accept.

This statement has been issued by S. G. Warburg & Co. Ltd. on behall of Black Diamonds Pensions Limited. The Board of Black Diamonds Pensions Limited has taken all reasonable care to ensure that the facts stated and apiniona expressed herein are fair and accurate and all the Directors jointly and severally cept responsibility accordingly.

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1.2	GROUPS & SUB-SECTI	ONS	1	Est	Grees	Bat-	<b>₽</b>			
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il i	stocks per section		Change	Corp.	(ACT	Corp.	No	Na.	No.	No
		3 7 5		Taxato	· · · ·	Dar 32%	· · · · ·			
1	CAFITAL GOODS (174)	193.48				715	193.90			
2	Bailding Materials (28)	179.72		17.92		7.58	305.88			377'
34							431,78		413.67	1 418.414
5	Engineering (Heavy)(9)	272.11	+0.7.	21.41	6.56	6.27	27015	256.46	27225	mho T
6	Engineering (General) (86)	152.45				711	152.55		154.68	
8	Machine and Other Tools (5)	195.67				6.91	153.36		155.33	155
	CONSUMER GOODS		11 - 1	-			1	1		
11	(DURABLE) (SI)	222 13		1719		9.53	225.91	183.45	181.12 226.76	188.
12	Household Goods (12)	174.87		17.83	6.91	7.67	176.20	176.10	177.55	
14	Motors and Distributors (28) _			20.34	6.29	7.38	112.57	11123	113.40	
21	(NON-DURABLES) 1711	189.82	-0.2	1572	537	9.25	199.16	186.89	191.82	191
22	1	ALC: NOT ALC			577	11.24	217.25	213.51	219.03	
23	Wines and Spirit (8)	225.57	+0.4	15.65	5.61	9.81	224.71	220.05	227.59	227.
24	Entertainment, Catering (16). Food Manufacturing (21).	ACCOUNT OF A DAY OF A DAY		14.73	5.63	19.36	282.38	237.94	246.11	
28	Food Retailing (16)	196.32	-43	13.53	4.56	10.75	196.85	191.19	190.37	
32	Newmanan Dublishing (14)	722 14	+03	10.08	3.81	14.92	321.12	325.47	· 322.39	322.
33	Packaging and Paper(14)	121.87	-01	21.61	7.60	5.74	121.97	119.09	129.68	
34	Textiles (24)	101.07		10.57	433	24.96	181.59	175.21	184.58	
36	Tobaccos (3)	208.46	-0.7	22.77	8.63	5.87	209.96	296.00	Z10,15	210.
37	Toys and Games (6)	102,20		19.91	5.80	6.90	102.52	100.87	102.44	
42	OTHER GEOUPS (96) Chemicals (27)	251.09	-02	16.06	5.59	8.61	25170	248.68	256.83	255.
44	Office Equipment (6)	117.84	-0.1	19:36	4.87	6.89	117.96	115.39	119.60	
45	Shipping (10)	441.26	-0.7	22.32	6.64	5.31	444.51	444.28	449.70	449
46	Miscellageous (551		-02	16.72	7.15	8.57	189.52	187.86	192.79	1921
- <u>49</u> 51	INDUSTRIAL GROUP 14	502,75		16.69	3.89	8.52	19578 50211	192.95	198.24	
59	SPO SHARE INDEX			16.22		8.78	220.73	237.43	500.68	
61	FINANCIAL GROUP 11001	157.67	~0.1		5.48	1	157.75	1545	158.24	156.
62	Banks (6)	785.38	-01	26.59	5.47	5.74	105.38	178.53	180.68	151
63	Discount Houses (10)	152 77	+1.0	11.10	847	13.00	193.16	196.49	196.28	
65	Insurance (Life) (10)	127 50	I-OI	- 1	6.49	13.40	121.75	125.95	158.35	130.4
65	Insurance (Composite) (7)	175 81	-0.4	1 1 6 1	6.40	- 1	126.35	124.10	126.96	1 1263
67	Merchant Banks (14)		+02	13.62	6.03	10.76	31125 7123	304.85	309.62	
69	Property (31)	218.09	+0.8	3.38	2.96	60.30	208.50	206.17	79.61 Z14.16	215
72	Miscellancous (7)	99.99		22.01	7.65	6.31	280.00	1954	101.39	THE
71 81	Investment Trusts (50) Mining Finance (4)	192 11	+0.3 +1.0	3.10 11.14	457	52.26	191.68 86.04	191.99	190.95 85.38	
- 91	Mining Planace (4) Overseas Treders (19)	265.75	-OIT	16.65	7.59	7.52	266.07	266.65	269.31	1
180	ALL-SHARE INDEX (673)	202.00		1 - 1	5.52	-1	203.66	280.97	204.69	
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3	Over 15 years 127.31	-9.22 -	· 1	8			5 years		10.36	1024 〔113]
4	Irredeemables 137.64	-0.39	I	332   ş			5 years		1.0	15
.5	All stocks	-0.28 -		Sec. 100	3 Irredee	_			11.89	11.97
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15	5 20-yr. Red. Deb. & Loan	13 (191 01.93	(11,98	61.81	61.91	61.95	61.90	62.19	68.19	58.
1 10	a Investment Trust Prefs	5. 115) 56.94	12.53	57.14	5734	57.14	1 57.10	57.14	67.14	57
17	7 Comf. aud Indl. Prefs	5. (20) 77.22	11.83	177.28	1 77.46	77.64	27.81	al an ar	1 27.76	
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General TIMES SURVEY

Tuesday November 29 1977

## **Oreign Exchange Markets**

The dollar has weakened sharply against other strong currencies, notably the yen and the Deutschemark, reflecting continuing major imbalances in current accounts among the major industrialised countries.

IGN EXCHANGE markets higher rate of price inflation different pressures-current and cate a rise in the U.S. deficit to this view the U.S. is the only and sizeable current account earlier in order to avoid the ciation are also scepical about wer in a notably confused than in, for example. Germany, prospective inflation cates, cur. \$21bn. next year with an un-major country which is doing deficits. Indeed the adjustment monetary pressures, a inwer the impact on inflation and on peertain state in recent The dollar was helped by the rent account disequilibria, changed Japanese surplus of anything to sustain growth. is as upward pressures in the collar was helped by the rent account disequilibria, changed Japanese surplus of anyining to sustain growth. at the end of August led to the level of interest rates than is domestic wage pressures, is a nave continued un- by the impact of rising OPEC relative interest rates. On one tion in the German surplus to argued that the main cause of juint European currency finat, and to act as a dampening in-panies can no longer count on the dollar has re-emerged counts. at the end of August led to the level of interest rates than is domestic the dollar has re-emerged serves. enve is the movement in a of the previously weaker econo- higher oil imports and the U.S. The other main change has,

ajor preoccupation. The The position changed towards country's money supply relative mies is expacted to improve is still in surplus with Western of course. involved sterling for example, estimated that ess of the dollar in the the end of June as concern grew to that of the world, while also further with the U.K. moving Europe. where there has been a turn sterling was 10 per cent, under-'s months and the corres about the rising U.S. deficit and is strength of the Yen, DM the official policy of benign wiss franc have reflected neglect. Speculative pressures intiming and worsening were reinforced both by a rise

loss of balance

by Peter Riddell, Economics Correspondent

The London Business School, straining influence.

valued by the third quarter of Depreciation 1977 measured in terms nf

relative money supply, though There are also those who the gap has now been narrnwed. favour a depreciation in the School argues that the rate in order to preserve, or results of the policy errors of even increase, the price comthe last nine months have not petitiveness ni exports at a been eliminated just by freeing time when the U.K. inflation the exchange rate since far rate is higher than overseas. foreign exchange reserves On this view a rising rate will and far more hanking reserve merely fritter away assets have been built up than opportunity presented the U.K. needs. There is still, North Sea oit and will further on this view, a danger of overundermine the industrial base. shooting the money supply But as the U.K. moves intr target and preventing this now substantial current account surmight result in serious shortterm disruption of the economy, 1 us-more than £250m, in 1977 against a deficit of £1.4bn, last

by the CBt because of cnn- the exclange rate are not going cern over the impact on price to disappear. Consequently it competitiveness of exports n.y be necessary to allow some nn imports than anyway ex-inflows. The Government is still Comparisons on relative rates of inflation ing a major relaxation until the open to dispute since recovery in non-oil trade is

pected.

outward exchange based cautions, however, about allow-

What's the dollar/sterling rate? Dawson International in Kinross knows.

d countries as well as the time in three years and by comr volatility of inter-ments made at a Ministerial al capital flows than in the meeting of the Organisation of Economic Co-operation Developrecent sharp movements ment in the middle of Juny, im until the summer — greater flexibility in exchange that is to the unsettled rates la help the process of NEW HIGHS AND mons of 1976 when ster adjusting international trade

ACCOUNT

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No. 18 13.

mancial Times Tuesday November 29 1977

FINANCIAL ,

1. franc all came under pressure within a short Surpluses

res taken by each of these The calls by Mr. Michael les led to a more stable mance, and a marked re- Blumenthal, the U.S. Treasury in the case of sterling. Secretary, on Japan and West attention focused rather Germany, and to a lesser extent.

land in reduce their surpluses surrent account dehelt from Yen started in move helped in contribute in the Scallin, last year in \$18hn. in

during this generally appreciation in the values of the 1977. Meanwhile the Japanese failen hy more than 18 per cent of Octaber to allow a free float are open to dispute since receivery in non-oil trade is against the Yan, and hy 51 per in response to market pressures, they depend not only on the established and the structure they depend not only on the established and the structure awas increasing signif. Mr. Blumenthal then tried to the West German surplus is pro- deficit — some commentators. The British Government's base date but also on the of 1.2 reserves is improved.

imbalances in the Yen through the 270 to

the leading indus the dollar barrier for the first

ted surprisingly, strong the U.S. deficit was ton large to \$3.5hn, the strate deficit and that it ought to be stimmed. The tatest forecasts suggest U.S. deficit has corresponded to in devalue after earlier burrow, economists, especially in the price competitiveness most of of official horrowing averseas, "first four months of the This had little effect. I that the position is not going to a recovery in the current ing heavily to support their City, who have argued that the like advantage on a basis of with \$20bn, due by 1985 - thick was more than in Foreign exchange morements, thange significantly next year; accounts of countries in a exchange rates. This has re-poind ought to have been unit labour costs has been re- though a start is likely in be stimmed. Opponents of appre- made in the near future.

taking account of the balance of into substantial surplus, the In any event, despite con-round in both financial confi- the pound has been apposed year-the appoint pressures on payments position and partitolio. French deficit falling from \$3bn tinuing international meetings, dence, as reflected in the sharp holdings - for example, by to \$2bn, and the Italians having statements and action, such as rice in the reserves, and more a \$1.5bn, surplus. Overall the curbs by Japan on surrency in recently the swing into current DPER.

total OECD deficit is expected flows, the dollar has weakened account surplus. This as the and because of the possibility easing of on the stronger currencies Government tried to bold the of an even more rapid growth controls in order in match these while the OPEC surplus is fore- throughout the last lew months pound down in order to maincast to decline from \$40hn, to Fnr example, since the begin tain stability for just of the ning of this year the dollar has year but was forced at the end \$35hn

failen hy more than 18 per cent, of October to allow a free float are

dollar, pointing out that the navian countries have twice had cised, however. There are many there has been erosion of any significant early repayment

However, the dollar still stem the pressure by saying that justed to increase from \$2.8hn. refer to the non-problem of the Within Europe, the Scandi- approach has been widely critis exact measure adopted. While Simil ly there is caution about

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Recovery of sterling

THE MOST significant and—as than a fifth since the begining domestic credit expansion, arising on the former, compared official policy was to peg the rate, weakness of the dollar at it soon turned out—revealing of March. Meanwhile sterling was rising with a deficit of £3.63bn, for the against the dollar. In order to to offer no one to the the remark about the performance The causes can be traced and the recovery was estable whole of 1976. This has be counter this pressure, the for sterling at the contract of the the tent of tend of tent of tend of tent of tent

remark about the performance The causes can be traced and the recovery was estable whole of 1976. This has be counter this pressure, the for sterling at the entry of sterling and Government both to the belated adjustment lished in early January when a fleeted the unwinding of what authorities in late July switched change rate, so the anti-foreign exchange policy in the in a loss of price competitive. S3bn. safety-net facility for the are usually described as leads their emphasis towards, the were forced to the as a guide decision facility and with Minimum Lending the early strate at a main and more allowed a small rise in the down from 15 to 5 per exchanger, in the Commons British Government's ability bank governors in Basic. The spurious distinction and more allowed a small rise in the down from 15 to 5 per early identifiable items in pound against the dollar. I have the down from 15 to 5 per early strate with which it is possible to authorities, by the loss of control a board to so for a point in the end of July. Withstand market pressures, the loss of cours supply that the more supply in the loss of course, which was taken and a major relavation of the markets by the withstand market pressures, the loss of course of the money supply in the loss of course in the addree of the market pressures, the loss of course of the money supply. The twent is antidated at the more relaved in calles on third country on the addree of the mark and a major relavation. The authorities were relaved to more deposite attracted to the more supported for the addree of the mark and an as adopted in facility in the end of July.

by people who hold my job is can be explained by specific mis to \$1.72 until the end of July. that there are fairly strict limits handling of the markets by the within which it is possible to authorities, by the loss of con-withstand market pressures. Troi over the money supply Less than five days later the during the summer and by the Government ahandoned its extra pressures created by the policy of holding duwn the ex-presence, and then absence, of change rate in order to maintain a stable value and allowed a value value

of turnrounds in market cone for the official sterling balances, receipts on forward operations: front-especially during the October was over some market pressures on the fidence. The result is that A crucial part in turning round these can, of course, be rolled long drawn out and ultimately. These inflows posed an in This was followed by sterling is now higher that the flows was also played by over. There has been substan- unsuccessful talks with the TUC creasing, dilemma, for the Ties in the first day as almost acyone thought possible, the rise in interest rates, the tial official borrowing-notably in the summer-might least to authorities since while domestic monetary squeece (in \$1.9bn, on the IMF standby a sudden large withdrawal of credit expansion remained low - totaling more than 5 the official reserves have risen particular the imposition of the facility and \$1.5bn, from a some of the funds deposited in the inform abroad low one stage—but this y by five times in the process. so-called torget) and by the Coursement Further to an the reserves having a growing information of the facility and \$1.5bn. hy five times in the process.

clearly by describing the post- third country trade. tion in the early autumn of

vided a temporary check. The

how point of \$1.55 was touched at the end of October-this represented a decline of more

The events of the last 12 months have demonstrated both the observes and on reports with possibly another S3bn. or Treasury were also concerned been more than S1bn, and the and this factor prove about a safety-net arrangement so to come in from deferred that uncertainties on the pay published rise in the reserves in Crucial, when the Gor for the official sterling balances, receipts on forward operations: front-especially during the October was over \$3bn. A crucial part in turning round these can of concerned here official sterling balances.

1976. The pound was falling inaocial confidence, if not con- capital account preceded the phase three policy caused there was a rise of 21 per cent. This is a reasonably almost daily with on interventer trol, was effectively won follow- improvement in current bardly a ripple. tion, however large, apparently ing the annual rate of allow improvement in current bardly a ripple. tion, however large, apparently ing the annual rate of allow improvement in current bardly a ripple. the apparently ing the annual rate of allow improvement in current bardly a ripple. the apparently ing the annual rate of allow improvement in in current bardly a ripple. the authorities were not increase since April to near the allow they have been able to stop the pressure, while December of an agreement in in surplus since the end of the able to maintain stability in upper end of the 2 to 13 per seen the inflows with the approach to the inter-principle with the LMF and the summer. For example, in the definitely and during July the cent target range. stability or of the contract rate of the bolication of the Letter of first half of the year there was weakness of the dollar led to a This also became linked with position of exports. Rate to the per ceel, only pro-the borrowing requirement and surplus of £2.81bn, entirely index from 61.6 to 60.6 since markets and the continued **Peter** 

Financial Times Tuesday November 29 107

what has essentially autumn of the series autumn of the battle to restore external pened is that the turnround on the failure to agree on a formal mines when the use of starting to restore about the turnround on the failure to agree on a formal middle of September, when the use of the turnround on the failure to agree on a formal middle of September, when the use of the turnround on the failure to agree on a formal middle of September, when the use of the turnround on the failure to agree on a formal middle of the turn of the set on the turnround on the failure to agree on a formal middle of the turn of the set of the turn of the turn

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IF THE principal factor deter- informed guesses is unlikely to tion to avoid a trade war and But while the overall picture a title further, it 

of the national economy, then sistently maintained that the of freer trade is considerable, essential davelopment over the of confidence, may in anbody would have been con-deficit does not reflect any At the same time, however, the past ien mouths is that a new fequired at the right - sumed with the problem of a fundamental weakening of Administration is committed to Administration is committed to to calm domestic and sumed with the problem of a fundamental weakening of Administration is commutee to Administration was come to to calm domestic and, weak dollar this year. Indeed, American trade, competi- promoting the growth of U.S. realise that, much as it may fional fears in the when the Carter Administration tiveness: it often argues exports, perhaps through the want to. It is not politic to ahead. The Carter Ad-took power at the start of this that, with the singular, extension of export credits or ignore the state of the dollar, tion now realises this, year, the superior performance gross exception of Japan, the by deferring the planned aboli. The basic prognosis remains sary. of the U.S. economy was such U.S. maintains healthy trade tion of DISCS, the tax break that there is not much wrong that it was assumed that the surpluses with the rest of the which assists exporting com- with the U.S. dollar and that dollar could not be a serious world and that sectoral analysis panies. problem and was not worth talk- of product markets demoning about. What has happened strates that the U.S. share of since—and what is likely to con-world trade is holding up well. tinue to happen in the future— It also repeatedly points out has been an instructive example the obvious - that the biggest in a process of education which single factor in the trade deficit every new government must is the massive American demand for imported oil, which undergo.

The underlying philosophy in will probably reach an unpre-international economic policy cedented \$45hn. this year. as espoused by the Carter Difference Treasury when it 100k office was Difference

that It was incumbent on the And yet, ironically, there may mies (the U.S., West Germany not be now much difference in and Japan. principally, with the views of Dr. Burns and the help from the Netherlands and Administration over the "right help from the Netherlands and policies " for the dollar. Both Switzerland: to hear the brunt policies " for the dollar. Both of reviving the flaceing global Mr. Blumenthal and the economy. The U.S. it was argued, was about to sustain a considerable trade and current account deficit in 1977 and would therefore he playing its role to the bilt: the other sur-nlus nations were pressed to facilitate the international ad-justment process by expanding their economies, reducing their surpluses and, where appro-briate, to allow the value of their currences to appreciate. That was the message that Vice-Presidem Mondale and a will undountedly put into effect croup of bright and hrash yning carly next year. Indeed, as Dr. Switzerfandi to hear the brunt policies" for the dollar. Both croup of bright and hrash ynling early next year. Indeed, as Dr. American economists forcefully Burns himself noted in the nut to the Governments of West summer, such differences as do Europe and Japan within a fort- exist are more in the nature of hight of President Carter being the rhetoric than the substance. installed in the White House. In addition, it is clear that the In orany ways, this remains Administration is doing its best the underlying philosophy, to deflect the mounting domestic though it has now been modi- demands for protectionist trade fied to encourage the expansion measures and at the same time of economics which hitherto to forge a reasonable agreement had been considered too weak at the trade talks in Geneva. to make much contribution. But Certain concession have had to the whole process of exhorting be made (through orderly other countries to do more had marketing agreements, a by-product that the new ad- example, and a probable insti-ministration had not fully cal- tution of a reference price culated: the reaction of the system for imported steel). rest of the world that the U.S. Although it may not always Although it may not, always was essentially talking down appear so from outside the U.S. the value of the dollar un the the Administration's determinaforeign exchange markets, thereby injecting a critical element of instability into a delicale piechanism. It is fair to say that it took the U.S. Administration until mid-year to appreciate fully that a public attriude of insouciance towards line value of the world's principal reserve currency might he minolitic. To-day. Mr Blumenthal. the Michael Treasury Secretary and other top government economic policy makers rarely lel a public opportunity go by without expressing their belief 10 "a strong dollar." Leaving aside the sometimes illogical feverishness of foreign exchange markets, notoriously prone to jump at every rumour and misinterpret every nuance, the three main factors explaining the dollar's weakpess remain to-day much as they were at the start of the year. The first. and most obvious, is that the U.S. economy is conlinuing to outperform those of its principal trading partners by a substantial margin. The consequent trade deficit this year, is likely to approach \$30bn., more than five times arger than it has over been before, and, according to most

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FOREIGN EXCHANGE MARKETS III

## Japan's balancing act

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ther yen starts to reduce of Japan.

farp increase in the flow upward fluctuations in the dapanese authorities rapidly lost trade surplus. Another pheno- could still prove unattainable flirs into the country exchange rate than downward control over the market. An menon which has taken Japan and the yeu could go on rising ing the improvement in fluctuations. In addition to intervention by the Bank of by surprise is the growing intervention. The direct intervention in the Japan of well over \$10n. during volume of yen trade on overseas. Charles Smith yen thus threatens, in foreign exchange market (that Detnher failed to prevent the foreign exchange markets such art run, to aggravate the is buying or selling of dollars yen from breaking buth the 260 as London. New York, Hong

her yen starts to reduce of Japan. (when the net revaluation since when Mr. Blumenthal said that during the first three weeks of payments surplus, how- During the years 1975 and the start of the year was run-Japanese exports would face November. If Japan fails to

TAPANESE YEN has various problems aurrounding by the Bank of Japan) the and 250 yen to the dollar Kong and Singapore, and the tated by over 20 per cent. Japan's international economic authorities can infloence the "barriers." In carly November, extent to which these markets the dollar since the be-relations. cxchange rate (or were able to Japan introduced controls on baye seized the ioitiative from s of 1977 and seems des. The reason why the yen has do so in the past) by administra- overseas purchasing of sbort the Tokyo "home" market in is a pew equilibrium. The reason why the yen has do so in the past) by administra- overseas purchasing of sbort the Tokyo "home" market in is a pew equilibrium. The reason why the yen has do so in the past) by administra- overseas purchasing of sbort the Tokyo "home" market in is a pew equilibrium. The reason why the yen has do so in the past) by administra- overseas purchasing of sbort the Tokyo "home" market in is a pew equilibrium. The reason why the yen has do so in the past) by administra- overseas purchasing of sbort the Tokyo "home" market in is a pew equilibrium. The reason why the yen has do so in the past) by administra-is a pew equilibrium. The reason why the yen has do so in the past) by administra-is a pew equilibrium. The reason why the yen has do so in the past) by administra-is a pew equilibrium. The reason why the yen has do so in the past by administra-is a pew equilibrium. The reason bady undervalued before. At of Japan's still relatively accounts (two supposed channels tiself, has been the sharp by surprise, especially the beginning of the year, elaborate system of foreign of foreign of foreign speculation). The appreciation of the year on the controls, however, had almost no futures market where the Bank effect in arresting the pace of of Japan's stillonally dres not effect to arresting the pace of of Japan's diversion of the year.

Jeptember when the pace despite Japan's strong balance exchange controls. The have been numerous was showing an eporeciation accelerated. The have been numerous was showing an eporeciation accelerated. The strong Japanese from its December 1971; Smith-the strong scheme losses sonian Parity of about 5 per At the start of 1977, the the yen has been deliberately the U.S. has now become less sult of the rapid shift in (weighted according to the iddiar parity. These ex. value of Japan's trade with the lisses; plus the more countries concerned i. The was been the part of Japan's rade with the parity-say by about to points the second of the yen the start of a higher yen the more domarks at the same time was presented of a higher yen the nearly 30 per cent. on its each of the first two guarters cite exports in world markets. Japanese domesure exchange to the day of the second the first two guarters cite exports in world markets. Japanese domesure exchange to the second the first two guarters cite exports in world markets. Japanese domesure econd the first two guarters cite exports in world markets. Japanese domesure econd the second of the guarters cite exports in world markets. Japanese domesure econd the second the second the first two guarters cite exports in world markets. Japanese domesure econd the second the s Timpact of a higher yen D-mark at the same time was in relation to the dullar during the competitive edge of Japan a commitment to reflate the parts ability to export, up nearly 30 per cent. On its each of the first two quarters eve exports in world markets. Japanese domestic economy. If artain to produce a de. Smithsonian Parity. The yeo bad failed to move roughly this amount did in feet from the close concurrence meaningful list of import pro-ponenty lasting well into far above its Smithsonian occur between the beginning of between remarks by the U.S. motion measures, including occur between the beginning of between remarks by the U.S. motion measures, including a parity of \$1 to Y292) and mid. Blumenthal and a handful of port quotas, it is fell that the im's balance of payments on Japan's international balance. Junc when the rate was floating other Western leaders on upward pressure on the yen rimberts (which will (Japan was in deficit during towards the end of June as it steep climbs by the yen on the emerge towards the end of June as it steep climbs by the yen on the emerge towards the end of the starply, however, is more far above is been a relation to the dot of June as it steep climbs by the yen on the emerge towards the end of the starply have the surplus by endition of equilibrium might weaken and that some is international balance. Junc when the rate was floating other Western leaders on upward pressure on the yen rimbed sharply, hnwever, performance and subsequent kind of equilibrium might imports (which will (Japan was in deficit during towards the end of June as it steep climbs by the year. This, however, is more japanese does be a part of the starply of a small. The year reacted particularly likely to be in the range of a and by discouraging Germany ran surpluses during towards the end of a small. The year reacted particularly likely to be in the range of the starply of the starply of a small. (bet in terms of yen than 1974 and 1975 whereas west became apparent that cannot solve international means year. This, nowever, is more by and by discouraging Germany ran surpluses during Japanese estimates of a small. The yen reacted particularly likely to be in the range of swhich should, logically, these years) and partly because current account deficit for fiscal sharply after the annual meet. 230-plus to the dollar rainer than a dearer in dollars and of "guidance" from the 1977 were gross under estimates, ing of the International the 240-plus range within there currencies. Before Ministry of Finence and Bank From mid-September onwards Monetary Fund in September which the yen was hovering

may in the short term 1976 it struck many observers ning at around 10 per cent.] the harriers in advanced countries make what the U.S. regards as help to increase the that Japanase intervention was yon began to climb much more (and "justly so") if Japan did a "satisfactory" answer to its by producing an imme- more effective in ironing our swiftly than before and the unt do something to reduce its trade demands, the equilibrium

> **Charles Smith** Far East Edito

## do Deutschemark is the bulwark

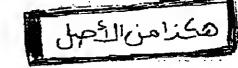
'AST few days' events in lack of any such evidence so The real cost of the present businessmen, which in turn is Monetary policy, meanwhile, reign exchange markets far, the market seems ready is disequilibrium in international holding them back from under, remains, highly favourable to the fasten on to any clue dropped payments to West Germany can taking new investment. industrial investment, with nee again shown that the fasten on to any clue dropped payments to West Germany can taking new investment. industrial investment, with hemark is perceived as so that there was an immediate by measured through the One Important question may interest rates at their lowest the few fixed points in a reaction in Frankfurt to the removieless clinib of the now have been resolved, in the economic climate of con-very vague comments here at D-mark. Since the end of 1975, form of the compromises incertainty. The size the beginning of the month by I has appreciated 17 per cent. adopted by both coalition parties this year acted to inject further interest ways of murchases Mr. Michael Elumenthal the acainst the dollar 215 per cent. latest wave of purchases Mr. Michael Blumenthal, the against the dollar, 21.5 per cent, over nuclear energy. If these liquidity into the banking German currency are not American Treasury Secretary, against the currencies of West can he sustained and transcially known, but it is He remarked at the end of talks Germany's 22 most Important formed into fixed policy, the position to fellow conservative That these have been with his West German counter trading partners taken logether, much-discussed threat of an advice to tradien up burrowiog y that these have, been with his west German counter training partners taken logether, ring November than they part. Herr Hans Apel, that he and 6.3 per cert, against even mring October, when the favmired a "strong dollar", the remaining member shank appears to have The considered opinion of the currencies of the diminished been \$10, io its efforts to German authorities, both at the West European." snake." Only out irregular fluctua. Bundeshank and in the Finance measured against the Yen, the first recent reports are Ministry, is still that, the Swiss france and marginally. It of dollar purchases of market's judgment on the dollar service in the control of the current is and businessmen the of Judgment on the dollar service in the control of the current is and businessmen the station service of the control of the current of the current is and businessmen the station service of the control of the current is and businessmen the unities and businessmen der of \$150m; in a single is the correct one so long as ground in the course of 1977. tradiog, the November the Carter Administration has For a country as heavily is the medium-to-long-term outmay well have exceeded not yet enacted its proposed dependent on experts as West look for profits. According to ngle month's this year, energy policy. Germany, these developments Germany, as elsewhere, West Germany, as one of the can hardly be regarded without

Listing of the second state of the second state of the second state of the second state of the s

A hroader concern, however, themselves Germany, these developments many soundings of business npinion. it is lack of confidence

system, and has shown no dis-

Adrian Dicks



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selves cause for puzzlement and in major enstomer countries. West German export performuncertainty. ance has survived recession abroad, and the disadvantage of Conformity . the ever-dearer D.Mark, better The Bonn Government in than had been feared. Yet new conformity with its pledges to foreign orders to West German Its partners at the London industry have been falling aince economic summit meeting last last summer, and this time May, bas formineed a package there appears to be a good deal of tax cuts and assorted other less conviction in the old argustimuli to the economy with ment that German quality and which it hopes to attain the goal dependability can survive more of a 4.5 per cent. increase in adverse currency movements. real gross national product in Business might be more 1978. Taken together with pre- easily reassured on this score vinus measures, such as a were it not also fearful of conmedium term programme to tinued pressure for wage bring forward public works and increases. West German similar investments announced workers, at DM18 an hour, in March, as much as DM23hn, are already the world's most may be injected into the expensive to employ, after economy through higher public their colleagues in Sweden, and sector deficits next year, accord the Swedish precedent is an ing to the calculations of the unbappy one to Germans. There independent panel of "five wise is no mechanism for the Governmen" in its latest report to the ment to take direct action on Government. The Bundesbank, the wages front, save in its

in its latest monthly report. capacity as employer, but thare stated that some benefits could bave been calls from the five indeed already be detected. wise men, the five institutes and reached without yet more ting 1978 wage levels. That stimplus. means wages ought to rise by

A preliminary estimate for no more than 5 to 5.5 per the third quarter of 1977 by the cent, including fringe becefits-German Economic Research a figure that should still leava Institute shows a drop of 0.5 per soma room for spending power cent. But official and unofficial to increase if as is generally commentators agree that the predicted, prices next year most important factor in the increase by no more than the equation at present is the 3.5 to 4 par cent forecast for absence of confidence among 1977.

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## Our foreign currency dealing expertise canbeyour best protection indeed already be detected. wise men, the five institutes and Now, however, there are a host of other commentators serious doubts about whether for both unions and employars this 4.5 per cent. gnal can be to exercise moderation in set-reached without yet more ting 1978 wage levels. That special set of problems. markets.

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## U.K. controls maintained

FOREIGN EXCHANGE MARKETS IV

money, in spite of the dramatic \$20.2hn., nearly five times their be followed in mid-1975 by con- nature.

exchange controls in the context reasoning behind the official un-political overtones. of the country's original com- willingness to undertake major mitment to permit complete changes at present. First, al-freedom of movement of capital though the reserves are much Measures after the end of the agreed tran- healthier, the country still has

sitinnal period on January 1 next a large volume of medium-term Nevertheless, When the U.K. inined debt which will fall due for re- measures introduced the EEC, a timetable was agreed payment in the coming years; October mini-Budget at

THE GOVERNMENT remains Exchange Control Act, is to meet this commitment. By and it is thought that a consider afforded a recognition that the hand, means maying a vari-reluctant to introduce any designed essentially to protect the end of 1974, controls on out-erable part of the inflows into position of the U.K. has premium over the spot rates major relaxations of the U.K.'s the official reserves. ward movement of direct capital the country in recent months changed. The impact they were stering. And it involves hattery of exchange controls on In the past year, however, the the ontward movement of official reserves have risen to money, in spite of the dramatic \$20.2hn., nearly five times their the or the dramatic \$20.2hn., nearly five times their

money, in spite of the dramatic substanting in the country's level at the end of last year. External position this year and the growing hody of views in favour nf liberalisation. There are two main reasons tial external current account is string. And the country is now moving into a period of substantial external current account is string. And the country is now moving into a period of substantial external current account is string. And the country is now moving into a period of substantial external current account is string. And the country is now moving into a period of substantial external current account is string. And the country is now moving into a period of substantial external current account is string. And the country is now moving into a period of substantial external current account is string. And the country is now moving into a period of substantial external current account is string. And the country is now moving into a period of substantial external current account is surplus as a result of the impact is string. Any set was made on relaxing proceeds of North Sea oil for panles, with the benefits this premium rate. A start was made on relaxing increase in overseas investment a home rather than brings for the development of the general rule is allowed to export up to firm. Chancellor conceded that later. The allowances for travel, first strict. The general rule is allowed to export up to firm. Chancellor conceded that later. The allowances for travel, first strict. The general rule is allowed to export up to firm. Chancellor conceded that later. The allowances in overseas allowances in overseas allowand and emigration to levels only projects which meet or the meet in the allowances in overseas. which the country took on when alsed this point in a recent per project per year within the on "some increase in overseas abroad and emigration to levels only projects which meet it entered the Common Market speech—that there is a case for EEC without having to go investment may have a role to which take more account of so-called super criterion of the system of exchange con using at levels the there is a case for the theory the answer the system of exchange con using at levels on the theory the answer the system of exchange con using at levels on the system of exchange con using at levels the answer the system of exchange con using at levels the system of exchange con using the system of exchange con using at levels the system of exchange con using The system of exchange con-trols, which goes back to the pluses arising from the oil flows heginning of World War II and for investment overseas. Was furmalised in the 1947 Finally there is the EEC In spite of the changed cir-argument. Talks are now going curstances of the U.K., there in over the U.K.'s position on exchange controls in the context of the country's original correct of the changed cir-argument. Talks are now going curstances of the U.K., there in over the U.K.'s position on exchange controls in the context of the country's original correct of the context of the country's original correct of the context of the country's original correct of the official un-to the cost of the official un-oplitical overtones.

The changes left untouched investment within 18 m however, the restrictions on the and continuing thereafter these conditions, official two main areas, portfolio investment and direct investment change can be used u The controls operate abroad. in the in restrict the access of UK project. whichever

Financial Times Tuesday November 29 197

esidents to official exchange for greater. transfer abroad. As they relate Few investment project to portfolie investment, they meet this condition, mean that investors can put practice the bulk is money abroad only in one of two, either out of borrowed ways: by going through the currency or 'iron investment currency market in retained overseas. Repar by horrowing currency. Using of foreign currency horr

borrowed currency to build up a portfolio of foreign securities is subject to further a tions, designed to preve IF THE FOREIGN exchaoge form or anothar bave been con- happen in the space of one year. is subject to conditions parti- drain on the raserves. market should ever oeed a moth sidered necessary for the On the other side of the cularly the requirement to controlled branches and it could always revive that of defence of sterling ever since Atlantic the situation has not maintain 115 per cent, cover of sidlaries abroad are required with the one when the sidlaries abroad are required to be an another and the sidlaries abroad are required with the the horrowed funds which remit generally at least fact the foreign exchange mar helped to preserve the freedom prospect of the U.S. running a effectively can only be fulfilled thirds of their net ket is almost never closed, since and flexibility for which London very large balance of payments by hig institutional investors, carnings back to the U.S. Going through the investment Michael Bla

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**Guy Butler** 

(International)

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day New York is in the middle An event which proved a real situation it is hardly surprising currency market; on the other,

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when London shuts down for the hecame renowned.

of its trading session. After shot in the arm as far as the that the difference hetween New York closes the manile is City was concerned was the Euro-sterling rates and Eurotaken up by the Far Eastern opening up of the Euro-markets, dollars should have narrowed so markets, and when Singapore, with the City as the centre of sharply, hut given the respec-Hong Kong, and Tokyo have this lucrative trade. The growth tive inflation rates of the two finished trading the attention in Euro-currency lending and countries it was equally oroves hack to the European Euro-bond business has been of unlikely that Euro-sterling rates centres

This can create problems for during this decade, and has en: dollar equivalents for much various central banks, couraged ever more foreign longer. because any unwelcome move- banks into the capital, since the ment in a currency may happen lack of a London office makes in the middle of the night, on participation in the the other side of the world. markets more difficult. At the end of October last The size of the foreign hank- Euro-sterling rates showing the year the pound fell to around ing community in London can sharpest rise.

\$1.55 agaiost the dnilar in he ganged hy simply walking trading in the Far East, and down a street such as Moorgate, was accompanied by , and trading in the Far East, and down a street such as Moorgate, was accompanied by , and trading in the far East, and down a street such as Moorgate, was although the volume of selling where every other office seems was probably fairly small the to have the name of a foreign rates for forward delivery of psychological impact was hardly hank on the wall. helpful. This was the lowest

level ever touched by the pound Representation and was a full two cents lower

than any tradiog in Europe nr There are more foreign hanks the 12-month, at 13,557 cents, the U.S. In the City than anywhere else discount. On October 28 when the U.S. In the only that anywhere ease discount. On occupier so when Interesting the central in the world. The number with the pound fell to its record low banks in Europe and the U.S. direct representation had of \$1.57 in London; it could presents nn problem, and has increased from 107 in 1967 to have been purchased for 12 been fairly common in recent 274 by this June. Well over 350 month delivery at about \$1.40, weeks, with the fall in the value foreign banks are represented At the end of October this year of the dollar. There may also either directly or by holding sterling stood at a premium of he times when central hanks stakes in consortium banks, about 1.50 cents against the act in concert, and during ster. This has helped London to dollar for 12-month delivery.

deficit into next year. In this major importance to London would remain lower than the Problems over the growth of the money supply in the U.K. and U.S. are hehind the rise in both sterling and dollar interest rates, with Euro-

the

The change in interest rates equally dramatic reversal sterling. In mid Npvember last

year three-month forward sterling was 'at \$25" cents discount against the dollar, and

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ling's problems last year the maintain its position as a major and on November 1 the spot U.S. Federal Reserve may have centre for conducting foreign rate rose sharply to around intervened as the agent of the exchange business. \$1.84 when the authorities gave Euro-sterling interest rates way to pressure to allow Bank of England on occasions. The Bank of Japan has hought declined sharply over the sterling to float. large amounts of dollars course of this year, in line with

recently to stem the rise of the domestic sterling rates, while Japanese yen, with most of its Euro-dollar rates have moved sterling's three-month premium iolorvention confined to the in the opposite direction, against the dollar was 1 cent, Tokyo cxchange. The Japanese alihough to a much smaller and the 12-month premium-1.40 commercial hanks operating in degree. In the middle of cents. At that time the forward London are sometimes seen to November 1976 the three-month pound was at a preminm against continue the operation however, Euro-sterling rate was around almost all major currencies, presumably under the guidance 16 per cent, with the one-year although this varied according of their own authorities. The City's complex structure cent. grew up wheo Britain was the year three-month Euro-sterling as the D-mark and the Swiss pre-eminent trading nation of was about 5 per cent, but the franc. Towards the end of the world, and London the major one-year was a little higher this November the situation was time at 6 11/16 per cent. contro for international tinan-cial matters. It has survived three-month Euro-dollar rate in-three-month Euro-dollar rate inremarkably well, considering creased from 51 per cent, to unrest, while, London interest the rayages of two world wors. rate rose from 6; per ceot, to reason. a decline in the importance of Britain as a major power, and 71 per cent. an almost constant problem It would have been bard to over the value of the domestic believe during the depressing against currency.

days in the latter part of 1978 Exchange controls of one that such a turn-round could

By the middle of November rate slightly lower at 153 per to the period in terms of some By mid-November this of the stronger currencies such 7. per cent., while the one-year rates increased for the same Under these circumforward rates have

back to a discount mnved the dollar. Colin Mil'ham

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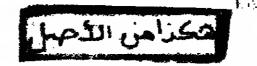
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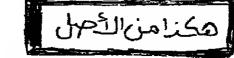
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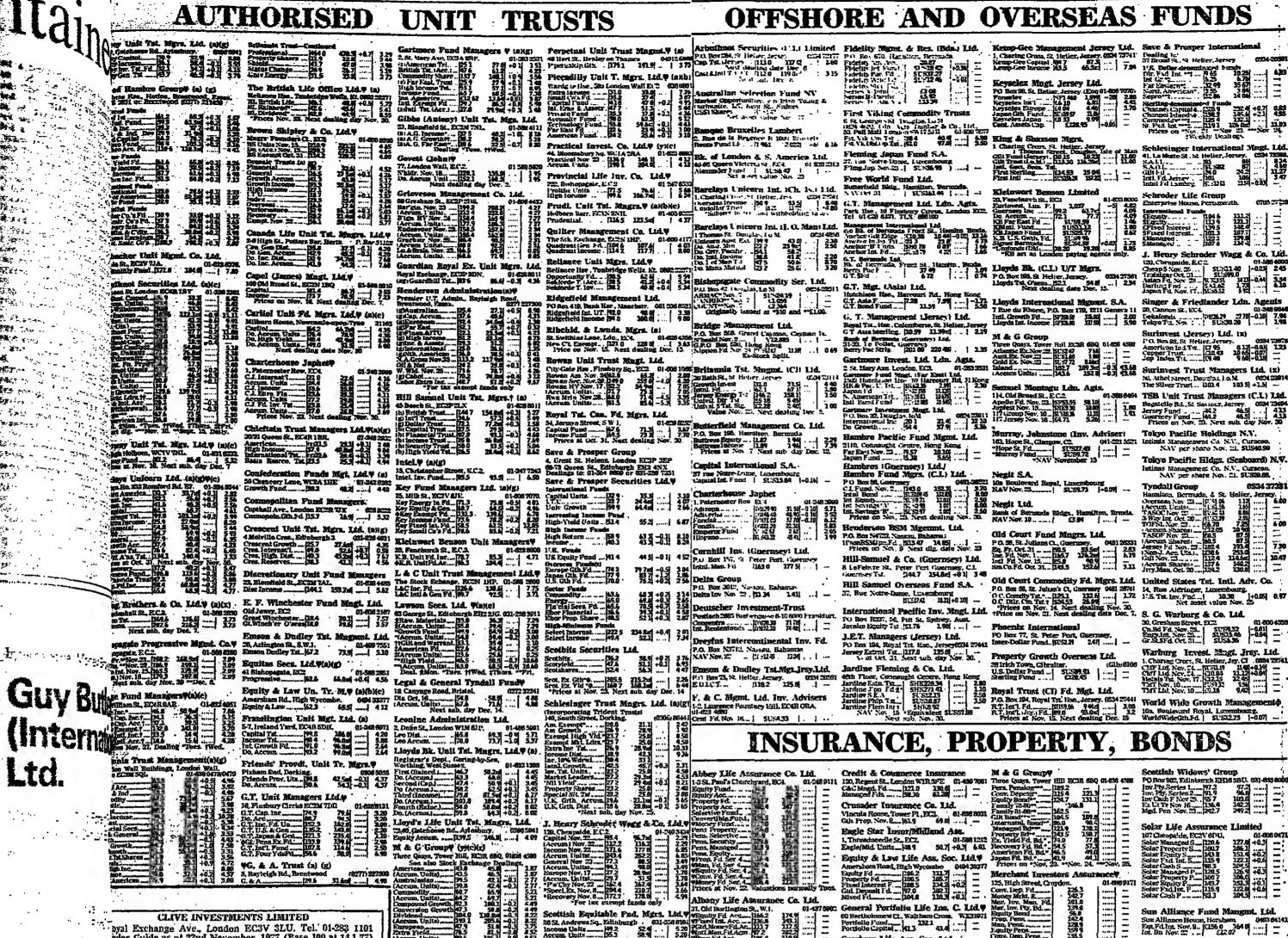
Head Office: 67, Chiswell Street, London, EC1Y 4XC. Jel: 01-638 9354 Telex: 864341 Amsterdam Office: 141, Harengracht Amsterdam, Tel: 261:308-538 9354 Telex: 884 Luxembourg Office: 1, Avenue de la Gare, Luxembourg: Tel: 4510 61- Telex: 1421 Scottish Office: Merchants Hodse, 30, George Square, Statistica Coll. Telex: 1427 Channel Islands: Standard House, Broad Street, St. Heller, Jacob, Tel: Central 36464 Telex: 41591 Tel: 041-248 3741 szatan in; Franklurt, Hong Kang, Kuple Lowper, Machid, Milan, Paris, Ta

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byal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101 index Guide as at 22nd November, 1977 (Base 100 at 14.1.77) Clive Fixed Interest Capital	Caccum Units       179       405	
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42			Financia	1 Times Tuesday November 29 1977 HOTELS-Continued
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37       400.       Treasury 31-pc (6 124+)       522.       -1.       10.72       10.97       325.       Bank Scotland Li         303.       534.       (Treasury 75 oc 12.1341.)       72764.       11.04       11.11       225.       227.       Bank Scotland Li         304.       254.       (Treasury 75 oc 12.1341.)       72764.       11.04       11.11       225.       Bank Scotland Li         305.       255.       (War Lean Spectif	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	210         751102         100         55         Sheephridge         52         126         127         127         127         127         126         126         127         127         126         126         127         127         126         126         127         127         126         126         127         127         126         126         127         126         127         126         127         126         127         126         127         126         127         126         126         127         126         127         126         127         126         127         126         127         126         127         126         126         127 <t< th=""><th>6       7.9 (10.1)       622       36       1.1       &lt;</th></t<>	6       7.9 (10.1)       622       36       1.1       <
**INTERNATIONAL BANK **INTERNATIONAL BANK 884, 75-2 Epc Stock 77-32	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	71         21         92         147         93         Sinne-Finit         107         112         128         4           7         1.110.71125         112         6         115%         110         112         11	4         3.2         3.2         720         3.2         720           5         2.4         9.8         652         4.2         720         4.2           5         1         9.6         652         4.2         720         4.2           5         1         7.4         57         7.4         57         7.4         57           4         9.2         7.2         1.3         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57         7.4         57
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**FINANCIAL TIMES** 

Tuesday November 29 1977.

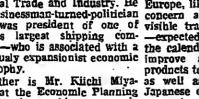


### BY CHARLES SMITH

TOKYO, Nov. 28.

budget designed to boost Japan's expertise with an unusually inter-budget designed to boost Japan's expertise with an unusually inter-two-day discussion. economy uut of recession dur-ing 1978. Cabinet reshuffles at fairly regular intervals are a normal feature of the Japanese political scene-one reason being that it is customary for all senior mem-bers of the ruling Liberat Demo-cratic Party to be given a periodic taste of office. To-day's re-shuffle, however, is unnsual, hotb in the apeed with which it was carried out—the full list of three days after the end of the autumn Diet session—and in the autumn Die

tion. The only one to be left in his and 2 with the EEC. place is Mr. Mitsuo Setoyama, The talks are a twice-yearly Government to reduce its trade Justice Minister, who assumed event and sometimes have surplus had been a major factor office three months ago and appeared to be largely routine, Mr. Hodding Carter, of the evidently was felt to be too new but the current meeting will be State Department, said that it to move. All other major Mini- of unusual importance for two sters, including those in charge reasons. of foance, international trade One is that Japan and the EEC. heen planned for some time. None is that Japan and the EEC. ning, are being replaced, with Wilbelm Haferkamp, Commis-the new team generally appear- sioner for External Relations-been well received by the ing stronger and more likely to will be meeting for the last time Fukuda Government, dld play a adopt controversial or unpopular in a blateral context before the part in the decision to reshuffle adopt controversial or unpopular in a bllateral context before the part in the decision to reshuffle economic policies than its pre-start in Geneva of January's the cabinet. decessors. final phase of negotiations. on Fixuda's Three Wise Men, Page 7



## Firemen's union to see Premier

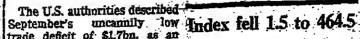
### BY ALAN PIKE AND PHILIP RAWSTORNE

JAPAN'S Prime Minister to-day One of the key figures in Mr. the General Agreement on Tariffs completed a sweeping re-shuffle Fukuda's new line-up is Mr. and Trade. of bis Cabinet, setting the stage Tosbio Komoto. Minister of Inter-for decisive negotiations with national Trade and Industry. He Europe, like the U.S. is showing the U.S. and Europe on ways to is a businessman-turned-politician concern about the rise of its firemen's strike, which entered tween the firemen and the lock

The Cabinet, all hut one of whose 21 vigorously expansionist domestic Agency, who combines economic products to the Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, on what is planned to be a zawa, at the Economic Planning Japanese exports of steel, ships, standards of Japanese politics, shadowed by the EEC's knowing 1975.

Prime Minister had vetoed them were denied. Home Office officials bave con-sidered a number of suggestions for resolving the pay deadlock. but have apparently discarded them, either because they fremen's case bas attracted and breacbed the guidelines or they remind him that the problema were clearly unacceptable to the formen. Ministers emphasised yester-Ministers emphasised yester-

## **Swan Hunter Polish** order vote to-day



Reports that some Ministers firm. Bave promoted possible solutions Despite the support for the markets are not really com-to the pay dispute and that the atrike among the union's mem-Prime Minister had vetoed them hers the leadersblp is faced with were denied.

weakness of the dollar is only attached to a conventional U.K. the Government in going to force OPEC investors depenture issue. However, it films a year into Britis to diversify their portfolios. Is still far from clear whether my to maximize the or is still far from clear whether try to maximise the gro

their portfolios with the paper Sterling Eurobonds 🚎 of medium-sized U.K. industrial Fears that the fledgling sterl companies so the latter would ing Eurobond market had been be well advised to get in while torpedoed by last week's 2 per the going is good ... cent leap in Minimum Lending

BRITISH SHIPBUILDERS will 14 weeks. It is for immediate decide today whether Swan pay parity with bollermakers, a claim estimated at abont 27 a share of the filsm. Polish ships week... a claim estimated at abont 27 a share of the filsm. Polish ships week... No concessions were made by which outfitting craftsmen will the company yesterday. It has be urged by union officials to insisted all along that it cannot life a long overtime ban. wary rates now because that Both the concern made it plato last 12-month rule and the Governing as the last chance. If the last <section-header><section-header><text><text><text><text><text><text><text><text><text><text><text><text><text><text>

agreement by the E and Bra would open the way in s better terms.

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Computers & lemma

THE LEX COLUMN

TUC's eyes on

pension funds

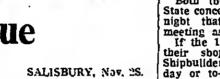
Spending fibn. At lunch with the Coal Board pension scales fell from Sir Wilson's eyes ... These are so powerful, these how powerful they quoted as saying in Committee's latest oral evidence. So not pension funds and not companies, that are it centrepiece of the Will mittee's enquiries. Soon afterwards 4 ve evidence befor milline and erolained

overseas investors want to fill the U.K. economy and full employment. They become involved in this tial paradise for lame with a good profession scienc cease the Gove would guarantee a m

Ce in the sine

iblest south-east

Rhodesia claims 1,200 killed



of the Patriotic Front. The second attack was **Jubilant** launched on Saturday against **Jubilant** the ZANLA base al Temhue. {In Lusaka yesterday. Mr. - David. Bell adds from about 220 km. inside Mozam-Josbua Nkomo, joint leader of Washington: The U.S. to-day bique and north-east of the the Patriotic Front, spoke of the Cabora Bassa Dam. Chímolo is "audacity" of Mr. lan Smith. Smith one-man-one-vote inlita-about 90 km. from the the Rhodesia Prime Minister, in tive. The State Department Rhodesian border town of Umtali in Manica province. The strikes against two key soldiers to crush hundreds of camps were seen here as young Zímbabweans."] of ZANLA incursions into bined air and ground operation element, outside as well as Rhodesia and to demoostrate to statement, there bad been no to participate in free elections

**Beaverbrook to appeal to-day** against judge's refusal

### BY CHRISTIAN TYLER, LABOUR EDITOR

BEAVERBROOK NEWSPAPERS Society of Graphical and Allied secretary, claimed in a letter to palatable to institutions whose shareholder and industry — a is to appeal this morning against Trades (SOGAT) telling its mem- Mr. Matthews that the Express managements were committed to topic relevant to questions of Inis to appeal this morning against Trades (SOGAT) telling its mem- st. Mathews that the Express indudagents were committed to freturn stitutional involvement in in-a judge's refusal vesterday to hers not to allow the extra print management's proposed action making the best rate of return stitutional involvement in in-grant it an injunction which run. could deal "a mortal olew" to on their deposits, be they for dustry. insurance or pension payments. It also talks of a study by the

jecting its attempts to stop the

way." Mr. Bill Keys, SOGAT zenerat



## **TUC** suggests key role for pension funds

### BY NICHOLAS COLCHESTER

AN INVESTMENT in industry transforming the nature of our intended to lunit the high levels Both attacks involved a com- it was vital that nationalist for investment in industry investigating the native of our of ZANLA incursions into bined air and ground operation elements outside as well as with a minimum rate of return society more than any Govern-Easlern and South-eastern and, according to the official inside the country must be able based on that available on gilt ment would dure to do.... I Rhodesia and to demoostrate to statement, there bad been no to participate in free elections edged securities is the carrot wonder whether one of the with which the Trades Union things we must investigate is the

Congress would like to lure the complete change, not in our pension and insurance lunds into terms of relevence, but in the financing the capital investment ambience of examining the role

Infancing the capital investment amhience of examining the role of British companies. of the pension funds." The TUC made this novel The new volume contains the suggestion in oral evidence to written and oral evidence from the Wilson inquiry into the City, the Confederation of British which is published to-day. Mr. Industry, the TUC and the Asso-David Lea, a TUC economist, was clatton of Independent Busi-explaining to the committee how nesses.

the £lhn-a-year lending facility The CBI reveals that It is to proposed by the TUC in its submit evidence in December on

a judge's refusal vesterday to ners not to allow the extra prime analyzer of the an injunction which run. grant it an injunction which run. would in effect enable the Daily Mr. Victor Matthews, chair the Mirror. Express to print extra copies man of Beaverbrook, said last "You seek to promote the de-during the pay dispute at the night he did not know of a simi- clining sales of the Daity Ex-Daily Mirror. Beaverbrook management was that to-day's appeal hearing in Daily Mirror, when that paper clearly taken aback by the deci-sion of Mr Justice Cusack re-way." Could deal "a mortal blow" to on their deposits, be locy for dusar. Could deal "a mortal blow" to on their deposits, be locy for dusar. It also talks of a study by the insurance or pension payments. It also talks of a study by the insurance or pension funds emerge tirely minor industriat invest-ment takes two-and-abalt years between inception and realisa-tisclf," the tetter claims. It was that for any appeal to changes to the hust-itsclf," the tetter claims. It was the says at one point: "The ing therefore reacts only itsclf," the tetter claims. It was the says at one point: "The ing therefore reacts only itsclf," the tetter claims. It was the says at one point: "The ing therefore reacts only itsclf," the tetter claims.

In his speech following the

Continued from Page 1

settled. The Daily Mirror was not being published in London again last night because of the journalists' pay dispute. The management has withdrawn a LL533-a-year offer after talks with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Employment Depart ment. LL533-a-year offer after talks a with the Lsraeli Cabi- invitation to Cairo. Mr. Begin told the Knesset that efforts to by-pass procedure and he bad appointed the director of bas office. Dr. Eliyabu Ben

get immediately to the substance of the Middle East dispute. Ricbard Marsh, chairman of the Newspaper Publisbers Associa-

his office. Dr. Eliyabu Ben Elissar, and the icgal adviser of the Foreign Ministry, Dr. Meir Rosenne, as Israel's representa-tives at the informal meeting in tion, warned yesterday that Fleet This hy-passing of Geneva pro-Street newspapers could not all reduces by attempting to get all surviv. unless labour relations the participants to Cairo without Calro. preconditions has apparently

He strongly condemned recent been emphasized in contacts wildcat strikes, which, he said, between the Egyptian Foreign were costing the industry mil- Ministry, officials and members announcement. Mr. Begin made no bint of any Israeli conces-sions to the Egyptians. He reitcrated that Israel and Egypt

were costing the industry init. Ministry officials and memoers sions to the Egyptians. He lions of copies and were threaten-iog the survival of some titles. Although Israel has always had differences of opinion on the exhibition of modern printing with the PLO the presence in Palestinian and Lehanese Left-machinery at the U.S. Trade Cairo next week of one or two wing guerilla forces are prepar-Centre. "I am depressed hecause we preparent the source of Palestinians lng a unilateral pullback from have to face the fact that despite has not have not include the discounded is the source of the presence of the presenc "I am depressed because we living in the occupied West Bank Lebanon's Southern border with have to face the fact that despite has not been colirely discounted. isruel to defuse year-old fighting fleet Street provides some of Dovid Lenvou writes from there, according to guerilla the highest-paid employment in Tcl Aviv: Israel has named its sources in the area, UPI reports two delegates to the Cairn con- from Beirut. The sources said two delegates to the Cairn con- from Beirut. The sources said two delegates to the Cairn con- from Beirut. The sources said form that is essential." Sir Richard suid. Express pay deal, Page 12

cent. sn Fisons dnes not appear could still be a tricky negotiat visted will find it hard t in be paying the high a premium ing period. An obstriate becoming "voluntarily and it dnes not have to observe minority could prevent the volved in "planning" B shake-up all the right covenants funds getting the potential tax industrial future.

## The new Grundig Stenorette 20 lost for words. saling reopie lost te creione which

The 2010 is shirnmer than its the release of as arrested a man of its competitors, so it fits near the induct into your pocket, without a montal of your spoiling the line of your the american and the a It has a fast forward reverse button that allows you to cover minutes in seconds with

the flick of a finger. It takes the Steno-cassette w lasts a full 30 minutes on one sid

The best most of our competitors can manage is 15 minutes. It also works off a mains adaptor, (like the rechargeable, battery, it's an optional extra)

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Mr. Keys asks for space in the Express to reply to a front-page editorial last Friday which be says was "a personal attack on myself."

## Egypt less isolated